



Daily Report

China

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Daily Report*

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NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

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General

Jiang Zemin Discusses Foreign Relations

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in Chinese 0955 GMT 30 Mar 91

["Jiang Zemin Interviewed by Miichiro Kato, President of Japan's CHUNICHI SHIMBUN"—by reporter Yang Zidi (2799 1311 6611)—XINHUA headline]

[Text] Beijing, 30 Mar (XINHUA)—In a recent interview with Miichiro Kato, president of Japan's "CHUNICHI SHIMBUN," Jiang Zemin, general secretary of the CPC Central Committee, answered his questions on the international situation, Sino-Soviet relations, Sino-U.S. relations, and Sino-Japanese relations, as well as China's 10-Year Program and the Eighth Five-Year Plan.

1. International situation

[CHUNICHI SHIMBUN] Since you became the CPC General Secretary, the world has experienced fierce upheavals because of the chaos in East Europe and the Soviet Union, and especially the Gulf war. How does China envision, analyze, and handle the current international turbulence? I would like to hear your views.

[Jiang Zemin] The current international situation is indeed complex and changeable. Following the relaxation of U.S.-Soviet relations and the drastic changes in Europe one year ago, some people asserted that there would be world peace from then on. Facts prove that this assessment was inaccurate, and the Gulf war is an example. The world today is confronted with many problems. Certain regional conflicts are still going on, and unexpected events might still occur. The world wants peace, however, and mankind wants development. This is the general trend. Of course, people the world over must make concerted efforts to achieve world peace and development. I believe that, as long as we have this conviction, the whole world can proceed along the course of peace and development.

2. Sino-Soviet Relations

[CHUNICHI SHIMBUN] I hear that you will visit the Soviet Union this coming May. What is the specific date? How will China conduct its diplomacy with the Soviet Union from now on? How will the unresolved problems between China and the Soviet Union be settled?

[Jiang Zemin] Yes. I will visit the Soviet Union in mid-May this year to reciprocate President Gorbachev's visit to China in May 1989. The specific date will be formally announced after it has been determined by both sides.

Simply put, the course of Sino-Soviet relations in the past 40 years and more has been a tortuous one, but all this has become a bygone era. Since President Gorbachev visited China in May 1989, the two countries have established a new form of relations. This means that the two countries are developing their relations on the basis of the five principles for peaceful coexistence.

Relations between the two countries have been developing soundly in all respects during the past two years. Of course, this does not mean that that we no longer have problems between us. The Sino-Soviet border issue, for example, has not been completely resolved. The Soviet Union is China's largest neighbor, and the two countries share a border longer than 7,300 km. As long as our two countries abide by the five principles for peaceful coexistence and do not interfere in each other's internal affairs, we can certainly further improve the re-established relations. We are deeply convinced that we can do this. Improving Sino-Soviet good-neighborly relations is not only in the fundamental interest of the two peoples, but is also conducive to peace and stability in Asia and the world.

3. Sino-U.S. Relations

[CHUNICHI SHIMBUN] How does China evaluate the present Sino-U.S. relations? What will China do to promote the development of relations between the two countries?

[Jiang Zemin] Sino-U.S. relations have also gone through a tortuous course. President Nixon's visit to China in 1972 opened up Sino-U.S. relations. China and the United States established diplomatic ties in 1979. On the whole, the two countries' relations during the 1979-1989 decade were relatively good and the development was normal, but this does not mean that the two countries have no differences. I believe that it is normal for countries, especially countries with different social systems, to have various sorts of differences in their views.

After the "4 June" event, relations between China and the United States were not as good as in the previous decade. We have made great efforts to restore and improve Sino-U.S. relations; however, this cannot be accomplished by unilateral efforts and must be done through the efforts of both sides. We are convinced that there is no fundamental conflict of interest between China and the United States. The development of relations between China and the United States is not only favorable to China but also conducive to both sides. People of insight in the United States will think in the same way. We believe that as long as China and the United States both develop relations on the basis of the five principles of peaceful coexistence and the three communiques, Sino-U.S. relations have bright prospects.

4. The Situation of Northeast Asia

[CHUNICHI SHIMBUN] Recently, there have been some changes in the situation in East Asia, such as the establishment of relations between the Soviet Union and Korea [HAN 7281], the development of relations between China and Korea, the talks between Japan and North Korea on restoring relations, and the change in relations between Japan and the Soviet Union. What is your forecast concerning regional cooperation in East Asia? What is your perception toward the new order in the East Asian region?

[Jiang Zemin] We are very much concerned about the situation in Northeast Asia and are very glad to see certain positive changes in the situation in the region recently. China has in the main, restored normal relations with Japan, and continued to develop its friendly relations and cooperation with the DPRK, and nongovernmental trade offices have been mutually set up by China and South Korea. Currently, Japan and the DPRK have improved their relations and are discussing the establishment of diplomatic ties. The premiers of North Korea and South Korea have held three rounds of talks. Those changes are conducive to alleviating and stabilizing the situation in Northeast Asia and we hope that the situation in Northeast Asia will continue to develop in this direction. We will adopt a positive attitude to further develop friendly relations and cooperation with the DPRK and hope progress can be made in talks between Japan and the DPRK. In particular, China and Japan should actively develop relations and work with concerted efforts to promote peace and development in the region.

5. Sino-Japanese Relations

[CHUNICHI SHIMBUN] Next year will mark the 20th anniversary of the normalization of diplomatic relations between Japan and China. How would you look back and comment upon the past 20 years? Will it be possible for you to visit Japan in the near future? What is your view concerning a visit to China by the Emperor?

[Jiang Zemin] Next year will be the 20th anniversary of the normalization of diplomatic relations between China and Japan. In the past nearly 20 years, relations between China and Japan have developed very fast on the basis of their joint communique and treaty of peace and friendship in both governmental and nongovernmental contacts. In particular, since China started to implement reform and opening up to the outside world, the two countries have achieved very positive results in economic cooperation.

After the "4 June" event, bilateral relations were affected for a while; however, now relations have, in the main, been restored.

I visited your country twice. I would like to visit Japan again in the future if there is an appropriate opportunity.

We would welcome a visit by His Majesty the Japanese Emperor to China.

6. Japan-USSR Relations

[CHUNICHI SHIMBUN] Soviet President Gorbachev is scheduled to visit Japan in April. One issue to be solved during his visit is the northern territories. What is China's stand toward the issue of the northern territories and Japan-USSR relations? I hope I can hear your opinions.

[Jiang Zemin] On 27 March, Foreign Minister Qian Qichen already answered this question at the press

conference. I have nothing to add. I hope Japan and the Soviet Union can solve this issue properly through talks.

7. China's 10-Year Program and Eighth Five-Year Plan

[CHUNICHI SHIMBUN] It has been 41 years since China was liberated. According to our observations, China has been enjoying stability owing to the adoption of the reform and open policy. The on-going National People's Congress [NPC] is now examining the development programs for the next 10 years. What does your country expect to achieve in the political and economic areas? What are the basic concepts for further reinforcing the central leadership?

[Jiang Zemin] The Fourth Session of the Seventh NPC is going on at present. The Seventh Plenary Session of the 13th CPC Central Committee which took place at the end of last year, came up with some principle proposals for the 10-Year Program and the Eighth Five-Year Plan. The State Council, after working for several months, has drawn up the drafts of the 10-Year Program and the Eighth Five-Year Plan. These two drafts have now been submitted to the NPC for deliberation; the NPC deputies have been discussing them enthusiastically over the past several days. I wholeheartedly hope, that after this supreme organ of power, the NPC, has examined and approved them, the 10-Year Program and the Eighth Five-Year Plan will become the will of the state and the people, and our country will be more successfully built in the next decade.

We will continue to implement the reform and open policy. We will maintain a sustained, steady, and coordinated economic development. To this end, we must improve our efficiency and restructure the production pattern. Without a doubt, this project will be a formidable one. To accomplish the mission more successfully, we must reinforce the State Council's leadership, and this issue has been incorporated on the agenda of the current NPC session.

8. Evaluation of Great Men in China

[CHUNICHI SHIMBUN] There are many great statesmen in the history of your country. In contemporary China, there were Mao Zedong and Zhou Enlai, and there is Mr. Deng Xiaoping who is still living and in good health. Who do you think merits your emulation?

[Jiang Zemin] It has been exactly 70 years since the founding of the CPC. During this 70-year fighting course, many exceptional leaders have come to the fore. Comrades Mao Zedong, Zhou Enlai, Liu Shaoqi, and Zhu De, as well as Deng Xiaoping, were leaders of the first generation. After the Third Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping became the nucleus of the second-generation leading collective. Each and every leader has his distinctive individual characteristics. I will humbly emulate the strengths of all the senior leaders.

These senior leaders share some common traits. They all have a firm political faith in Marxism and Leninism. They all have long and rich practical experience, and they all have the capability of rallying the whole party and the people of the whole country to fight together.

After the interview, Jiang Zemin, holding Miichiro Kato's hands, said earnestly: "You are nine years older than I, and you are in good health. Before you leave, I want to say this to you: China and Japan are close neighbors. We people of the older generation should educate the young people so they know that China and Japan should be friendly in all generations to come."

LIAOWANG on Easing of North-South Conflict

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in Chinese 0427 GMT 30 Mar 91*

[Text] Beijing, 30 Mar (XINHUA)—The 13th issue of LIAOWANG weekly to be published on 1 April carries a signed article entitled: "Where is the way out for easing the North-South conflict?" The following are highlights of the article:

With the relaxation of relations between the East and West, the North-South conflict which now confounds the world has become all the more outstanding. The international community is faced with the important historic mission of trying to ease this conflict and resolve this problem.

The reason why the North-South conflict stands out so sharply at present is because it has been fermenting for a long time, and is becoming increasingly serious. As all of us know, after the majority of the southern developing nations gained their political independence in the 1950's and 1960's, their economies experienced more than a decade of satisfying growth. During the 1970's, their annual rate of economic growth reached 5.5 percent, and was sharply higher than that (3.2 percent) in the western developed countries. From the 1980's onwards, the southern nations ran into difficulties and their economic situations deteriorated seriously. Between 1980 and 1988, the annual rate of economic growth was only 2.4 percent, which was lower than the 2.6 percent in developed nations. Their share of the world's gross national product fell from 25 percent to 20 percent. In 1989 and 1990, the annual rate of economic growth in southern nations was 2.3 and less than 2 (estimated) percent, respectively, far lower than the 3.6 and 2.3 (estimated) percent in developed nations. If one excludes some of the fast-growing Asian developing nations and regions, and the rich oil-producing countries, the economic growth in many southern nations lags behind that of population growth, with their per capita GNP recording negative growth. During the past decade, many of the southern nations have become poorer and poorer, and the gap between the North and South has widened increasingly. The disequilibrium between the North and South in the world economy has become increasingly serious.

Of course, the internal factors in the southern nations are partly responsible for the situation, but one must not

overlook the difficulties caused by a deterioration in the external economic environment. The price of raw materials and primary products has fallen by around 45 percent during the past decade. The price of capital—interest rates—has more than doubled that in the mid-1970's. For those southern nations that rely on the export of raw materials and primary products, and borrow foreign capital urgently needed for development, this is undoubtedly a double blow to them. Developed nations are practicing trade protectionism, and have imposed all sorts of restrictions on the import of manufactured goods from southern nations, adding weight to their difficulties.

What is more worrisome is that this sort of international economic mechanism, which is unfavorable to the southern nations, has yet to show any sign of change. Moreover, the possibility of an escalation in trade protectionism resulting from the shift toward global economic blocs; the changes in the flow of international capital arising from the situation in the Soviet Union and East Europe; a new economic recession in the western developed nations; and the economic loss they suffered because of the Gulf war, are all offering new challenges to the southern nations. Some observers have argued that there is a trend toward prolonged economic difficulties in the southern nations and a permanent widening of the North-South gap.

The current world economy is one of mutual reliance and mutual restraint. One must not feel that only the poor South relies on the North, and that the North does not depend on the South. Looking back through history, one will notice that the South has contributed and sacrificed greatly for the prosperity of the North. Even today, the Gulf crisis has once again proven that the northern developed nations are still highly dependent on the South for energy, raw materials, and markets. It is a matter of life and death. If the South gets poorer and poorer, not only will the market there shrink, but the situation there will also become unstable, even to the extent of endangering the economy, security, and stability of the North. Thus, the international community, especially the developed nations, should establish the idea of joint and balanced development in both the North and South, take effective measures to correct the unfair and irrational economic relations, help the South eradicate their difficulties, and close the gap between the North and South so that the world economy will expand along a healthy course. For this reason, it is necessary to correct the international economic order which is unfavorable to the southern nations, and establish a new and just international economic structure.

Of course, this is an extremely difficult task. The pressing matter of the moment is to reform the international financial, monetary, and trade structures, correct the situation in which the South is heavily burdened by debts, as well as the low price for raw materials and primary products; and reverse the trend of capital flowing from the South to the North. In this connection, it is necessary to ensure that the southern nations can participate, extensively and equally, in

the coordination and decision-making of international economic policies, and be allowed to play a full role so that their interests can be taken care of. In the process of North-South cooperation, it is necessary to fully respect the rights of the southern nations to determine their own economic and social systems, development models, and economic policies.

Li Peng Wants 'Cooperation' With World Bank

OW2803134491 Beijing XINHUA in English
1332 GMT 28 Mar 91

[Text] Beijing, March 28 (XINHUA)—Premier Li Peng said here today that there are good prospects for China-World Bank cooperation in China's economic development in the next ten years.

In a meeting with a delegation of executive directors of the World Bank led by N.F. Potter, Li said that relations of cooperation between China and the World Bank are very good. The bank has not only provided funds for China's construction projects, but also introduced lots of good experience to the country.

For example, he said, the bank has helped introduce to designing and construction the mechanism of competition, along with some effective methods of management. As a result, he added, the quality and economic results of construction projects have been improved.

The premier expressed the hope that the good relations of cooperation between China and the World Bank will be further enhanced.

Li, speaking of China's 10-year development plan, said the plan sets targets not only for the development of China's economy and the improvement of the people's living standards, but also for the establishment of new economic operation mechanisms.

For establishing the new mechanisms, he noted, China has been carrying out economic reforms for the last 10 years and more. In the future, he added, such efforts will continue to ensure constant development and improvement of economic reforms.

The Chinese premier then briefed the visitors on China's policies for rationalizing prices, reforming the housing system and developing agriculture.

Potter referred to China as one of the major members of the World Bank. In line with its objectives of serving member nations, he said, the World Bank will continue its projects of cooperation with China, and at the same time will explore new areas of cooperation.

He expressed satisfaction with the talks he had had with Chinese Government departments. The delegation will submit its first-hand information about China to the World Bank headquarters, he said.

The delegation is visiting China as guests of the Chinese Ministry of Finance.

Article on U.S.-Soviet Relations Over Gulf

HK2903150391 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 12, 25 Mar 91 pp 27-28

[Article by Shi Lujia (2457 7627 0163): "U.S.-Soviet Relations As Viewed From the Gulf Crisis"]

[Text] The Gulf crisis occurred at a time when the United States and the Soviet Union were shifting from confrontation to relaxation and their new pattern of relations was not established. The crisis caused the reorganization of different forces in the Gulf region and the rest of the Middle East and also deeply impacted on the changing U.S.-Soviet relations, thus drawing international attention.

In the initial stage of the Gulf crisis, the Soviet Union did not completely agree with the U.S. stand and methods but basically cooperated with the United States. Apart from unequivocally condemning its former ally Iraq's invasion of Kuwait and demanding its unconditional troop withdrawal from the country, the Soviet Union voted for all 12 UN Security Council resolutions, including Resolution 678 on the use of force to drive Iraqi troops out of Kuwait. After Bush and Gorbachev met in Finland's capital in September last year, they issued a joint communique declaring their "joint action" in dealing with Iraq's invasion of Kuwait. As everyone is aware, during the decades since World War II, U.S.-Soviet contention for the Third World has been an important aspect of their confrontation. Wars either in the Middle East or elsewhere are directly or indirectly connected with their contention, but this was the first time that the two superpowers took a concerted stand. Many U.S. newspapers commented that U.S.-Soviet relations had entered a new age of "cooperative partnership." The United States immediately sent a top-level commercial delegation to Moscow to show its willingness to provide economic aid for the Soviet Union.

Following the development of the Gulf crisis, however, the gap between the Soviet Union and the United States began to widen. The United States asked the Soviet Union to dispatch troops to the Gulf region in a symbolic gesture but the Soviet Union was not willing to do so; the United States carried out large-scale air attacks against Iraq and the Soviet Union had reservations; and the United States expanded the scope of bombing and the Soviet Union criticized it by saying that it had gone beyond the authority granted by the Security Council. In mid-February, when the U.S.-led multinational forces were ready to launch a ground offensive against Iraq, the Soviet Union sent a special envoy to Baghdad. Iraq subsequently issued a statement expressing its willingness to withdraw from Kuwait conditionally. When this statement was rejected by the United States, Gorbachev personally proposed three peaceful settlement programs. He also telephoned Bush on several occasions demanding a delay in Bush's decision on a ground offensive. The United States bluntly rejected Gorbachev's proposal and issued an ultimatum to Iraq. A

large-scale ground offensive followed. The following day the Soviet Government issued a statement "expressing regret" over this.

A review of what the Soviet Union said and did during the Gulf crisis suggests that U.S.-Soviet differences are mainly as follows:

First, how to treat Iraq. The U.S. objective was not only to "liberate" Kuwait but also to destroy Iraq's military force, to topple the present Iraqi regime, and to force Saddam Husayn to step down. U.S. leaders asserted time and again that if Saddam Husayn continued to remain in power and maintained a certain military capability, this would constitute a threat to the Gulf region and the rest of the Middle East, whereas the Soviet Union's purpose was to force Iraq to withdraw from Kuwait and to preserve "Iraq's sovereignty and territorial integrity." It did not want to overthrow the present Iraqi regime. The first points in Gorbachev's peaceful settlement program included "preserving Iraq's state structure and border," "opposing all sanctions against Iraq (after its troop withdrawal) and punishment for President Saddam," and so on.

Second, what kind of security system should be established after the Gulf war? Shortly after the outbreak of the Gulf crisis, U.S. leaders made it clear that to "ensure peace in that region," the United States would set up a regional security structure similar to NATO in that region and it would play a "leading role." After the outbreak of the Gulf war, the Bush administration clarified that although the United States did not wish to station its ground forces in the Gulf region permanently, it was prepared to maintain powerful naval and air forces. According to Western analyses the U.S. objective was to set up a security system with Gulf and Arab states as the main body and U.S. military strength as its backing, thus forming a U.S.-led "new order" in the Gulf region. Obviously, Iraq will not have a position in this security system and nor will the Soviet Union have much right to speak. Naturally, the Soviet Union did not agree. It proposed concluding a new regional security treaty under UN sponsorship. Soviet Foreign Minister Bessmertnykh said on 26 February that the Soviet Union not only wished to set up a security structure in the Gulf region after the war, but it also hoped to play its role in establishing a security structure in the entire Middle East after the war, adding that "this cannot be accomplished" without Soviet participation. The Soviet Union also pointed out that Iraq should be allowed to play a "weighty role" in the future security system and stressed that Iraq "is an important component of the balance of forces in the Middle East."

Third, whether or not, and how, to resolve Arab-Israeli conflicts and the Palestinian issue as soon as possible. The United States bluntly rejected Saddam's demand to link Iraq's troop withdrawal from Kuwait and the Palestinian issue. Although the Soviet Union objected to Saddam's "linkage" tactic, it still hoped that this

problem could be put on the agenda. A point in Gorbachev's peaceful settlement program was "to discuss the Middle East problem, including the Palestinian issue, after Iraq's troop withdrawal." The Soviet Union also made efforts to open an international meeting on the Middle East issue, whereas the United States objected to opening an international meeting on this problem but favored bilateral or multilateral discussions.

What gave rise to these differences? Western public opinion pointed out that this had something to do with changes in the Soviet political situation. This assertion is not unreasonable but the fundamental reason is a conflict of interests between both sides. 1) The United States wanted to show its strength through the Gulf war, to prove that it is the only superpower in the present-day world and that only the United States is qualified to lead the world in setting up a "new order." Although Soviet national strength has weakened and it is facing all kinds of difficulties in the country, it is unwilling to be considered a second-class strong nation; it still wishes to play a "decisive role" in world affairs. Soviet Foreign Minister Bessmertnykh said that the United States should understand that "we are also central figures in world politics." Unquestionably, this was telling the United States not to regard the Soviet Union as a small partner. This is a conflict of interests between both sides in terms of international position. 2) The United States wants to gain the upper hand in the Gulf region and the Middle East to control strategic positions and oil resources. In the opinion of the Bush administration, the Soviet Union can only "play a positive role" in accordance with U.S. intentions, but the Soviet Union also wishes to preserve its influence in that region. Gorbachev's purpose in personally conducting mediation during the crucial period of the Gulf war was to create the image of "peace hero" for himself, to solicit good sentiments from Iraq and other Arab states, to provide favorable conditions for the development of relations with them after the war, and to prevent the Middle East from becoming a region under U.S. control. This is a conflict of strategic interests between both sides. 3) The Gulf is not far from the Soviet Union but the United States has reiterated that it wants to preserve its military strength there for a long time and build an organization like NATO. What is its final aim? Moscow has to take precautions against this. This is a conflict of security interests between both sides.

Because frictions occurred between the United States and the Soviet Union during the Gulf crisis, particularly in its later period, some Western newspapers have commented that U.S.-Soviet "partnership relations" have broken; some have even pointed out that a "new cold war has started." This is exaggerating the fact. Taken as a whole, U.S.-Soviet relations have relaxed a lot and, out of each's own consideration, both sides are acting in harmony and trying to mend the cracks in their relations. The differences and contradictions between the United States and the Soviet Union because of the Gulf crisis at least reveal the following two facts: Each side still sticks to its own interests on many issues, they will continue to contend with each other in the course of cooperation, and this contention is sometimes serious; it is difficult

for both sides to fully trust each other, so relaxation is fragile and relapses are apt to occur in the future. During an interview on 31 January, when PRAVDA and TASS reporters asked Bessmertnykh whether or not U.S.-Soviet relations would return to the late-1970's level, he replied: "This possibility cannot be ruled out." This remark gives us much food for thought.

U.S. & Canada

'News Talk' on Disputes Over Trade Ties, MFN

HK3103063691 Hong Kong HSIN WAN PAO
in Chinese 30 Mar 91 p 1

["News Talk" column: "Disputes Over Sino-U.S. Trade and Most-Favored-Nation Treatment"]

[Text] After a cease-fire was realized in the Gulf war, although some favorable signs appeared in the U.S. economy, many commentators pointed out that those were merely some temporary tendencies, and the actual general tendency would not be seen clearly until the second half of this year.

The uncertain situation was also reflected in the sixth annual report about foreign trade obstacles published by the United States yesterday. The report laid the blame for the \$110 billion trade deficit incurred by the United States on other nations by saying that 37 countries created obstacles to American goods and restrained the import of American goods, thus causing such a huge deficit figure.

The report said that Japan was a country causing the largest trade deficit to the United States; Taiwan caused the second largest; and China caused the third largest. The report naturally caused certain pressure over these countries and regions. Aside from the political pressure, there were also certain economic measures.

The report said that in last year's Sino-U.S. trade, something increased and something decreased—that is, Chinese exports to the United States increased 27 percent, while U.S. exports to China decreased 17 percent. As a result, the U.S. side incurred a deficit of \$6.2 billion in its trade with China.

In fact, China has long noticed this problem, and sent a purchase delegation to the United States last year in order to purchase goods that could be imported. Reportedly, the second purchase delegation will leave for the United States soon. That is to say, China is making efforts to change the imbalance in its trade with the United States.

The problem, however, is why the U.S. trade deficit against China increased so greatly last year. The problem lay in the two countries' relations in the last two years. Since the summer of 1989, the United States has imposed an embargo against China over the sales of certain key materials and products. This is a fact known to all people in the world.

At the same time, the two countries, China and the United States, were also facing their own specific conditions. On the Chinese side, there was an adjustment of the domestic economy, financial and credit retrenchment, and the renminbi's devaluation. These were all factors that might affect foreign trade. On the U.S. side, in view of both the long-term postwar situation and the short-term situation in recent years, there also existed factors unfavorable to the expansion of its exports.

Last week, Sun Zhenyu, director of the Department of Affairs of North America and Oceania of the Ministry of Foreign Economic Relations and Trade, mentioned that the United States would once again discuss the issue of the reciprocal most-favored-nation [MFN] arrangements between China and the United States, and he also particularly mentioned the development of Sino-U.S. trade relations. He said: In 1979 when the two countries established diplomatic relations, the volume of trade between them was \$2.4 billion; last year, the volume of bilateral trade increased to \$11.7 billion, or multiplied nearly five times. The Chinese Government has attached great importance to increasing imports from the United States, and has taken a series of positive measures to change the situation. The Chinese market was open to the American goods; and purchase groups were sent to the United States one after another. It is believed that through both sides' efforts, the declining tendency of China's imports from the United States will be changed.

When Sun Zhenyu made that statement last week, he might have been aware of some of the contents of the U.S. report and knew that some people in the United States again called for ending China's most-favored-nation status. Another signal was the fact that the United States recently unilaterally reduced the textile import quotas assigned to China.

Today, an AFP dispatch about the U.S. report said that although Japan enjoys the largest trade surplus with the United States, the report does not criticize Japan too much. As people know, the trade war over cars recurred between Japan and the United States recently. Three large car-making companies in the United States accused Japan of increasing the share of the Japanese cars in the U.S. market to 31 percent during the Gulf war. Next month, when Japanese Prime Minister Kaifu visits the United States, President Bush will also personally require Japan to open its market to America's rice, beef, and oranges. The United States incurred the largest deficit in its trade with Japan, and there was much trade friction between the two countries; however, the United States did not criticize Japan too much this year. This has aroused people's attention.

Apart from the economic factors, would this be also related to the votes and appropriations for the Gulf war? This indeed gives food for thought.

Human Rights Conventions Not Joined by U.S.
*OW3003091091 Beijing XINHUA Domestic Service
in Chinese 0700 GMT 30 Mar 91*

[“International Conventions About Human Rights Which the United States Has Not Joined”—XINHUA headline]

[Text] Beijing, 30 Mar (XINHUA)—At a reader's request, RENMIN RIBAO today answered a question about the six international conventions on human rights which the United States has not joined or has yet to ratify.

The reader, Li Li, says in her letter: “I am enlightened by Foreign Affairs Minister Qian Qichen's answer to THE NEW YORK TIMES correspondent on 27 March. The United States keeps talking about ‘human rights,’ but it has yet to ratify or join important international conventions on human rights, on the grounds that human rights are essentially matters under U.S. internal jurisdiction, and maintaining that certain provisions in these international conventions go against U.S. laws. I hope RENMIN RIBAO will list the full names of the international conventions on human rights which the United States has not ratified or joined.”

In the column, “Answering Our Readers,” the International Affairs Department of RENMIN RIBAO says: The six international conventions which Foreign Affairs Minister Qian Qichen mentioned are: 1) The International Convention of Economic, Social, and Cultural Rights (adopted on 16 December 1966); 2) the International Convention of Civil Rights and Political Rights (adopted on 16 December 1966); 3) the International Convention on Prohibiting and Censuring Crimes of Apartheid (adopted on 30 November 1973); 4) the International Convention of Eliminating All Forms of Racial Discrimination (adopted on 21 December 1965); 5) the Convention on Opposing Cruel Torture and Other Cruel, Inhuman, or Humiliating Treatment and Punishment (adopted on 10 December 1984); and 6) the Convention on Eliminating All Forms of Discrimination Against Women (adopted on 18 December 1979).

Li Peng Meets U.S. Congressmen, Discusses Ties
*OW2903122291 Beijing Domestic Service in Mandarin
1030 GMT 28 Mar 91*

[Report by station reporter Luo Guanxing, from the “National Hookup” program]

[Text] Premier Li Peng met with a delegation of U.S. congressmen led by U.S. Democratic member of the House Roy Rowland and U.S. Republican representatives Christopher Smith and Frank Wolfe at Ziguang Pavilion in Zhongnanhai this afternoon.

During the meeting, the Chinese premier stressed that Sino-U.S. relations are based on the principles set out in the three joint communiques.

Li Peng said: As long as the two sides respect each other, treat each other as equals, and live in harmony, bilateral relations can be improved and developed.

During the meeting, the two sides discussed a wide range of issues. In response to the visitors' questions, Li Peng gave a detailed explanation on China's views and positions on Sino-U.S. relations, human rights, religion, intellectuals, and family planning.

He said: China values its relations with the United States and is willing to maintain and expand its cooperation with the United States in economic, trade, science and technology, culture and education, and other fields.

He pointed out: It is natural that the two sides have differing views on certain issues because the two countries have different social systems and ideologies. This can be resolved through more contacts, exchange of views, and promotion of mutual understanding. It is better to have contacts than not. The two countries can be friends even if they have differing views.

The visitors thanked the Chinese premier for meeting them, and expressed the hope for more contacts to help overcome the differences and push forward Sino-U.S. relations.

Soviet Union

Reportage Covers Minister Bessmertnykh's Visit

Winds Up Japan Visit

*OW3103123291 Beijing XINHUA in English
1219 GMT 31 Mar 91*

[Text] Tokyo, March (XINHUA)—Soviet Foreign Minister Aleksandr Bessmertnykh left Osaka for Beijing Sunday afternoon for a three-day visit to China after winding up his three-day visit to Japan.

Bessmertnykh arrived in Japan on Friday for talks with Japanese Prime Minister Toshiki Kaifu and Foreign Minister Taro Nakayama to make final preparations for Soviet President Mikhail Gorbachev's visit to Japan scheduled for April 16-19.

The Soviet Foreign Minister arrived in the ancient capital of Kyoto by a bullet train this morning at the end of official meetings in Tokyo on Friday and Saturday. In Kyoto, Bessmertnykh visited the Nijo Castle, the Temple of Golden Pavilion and other famous tourist spots.

In Tokyo, the Soviet Foreign Minister held two rounds of talks with his Japanese counterpart Taro Nakayama on international issues and bilateral relations. He also met with Japanese Prime Minister Toshiki Kaifu.

He said Saturday that the two nations' dispute over four northern islands is an important issue, without giving a hint of how it may be solved.

Speaking at a news conference, Bessmertnykh also conceded that the Soviet Union has in the past been reluctant to address the island dispute, but said it is prepared for candid discussions with Japanese leaders during Gorbachev's April visit.

Arrives in Beijing

OW3103135591 Beijing XINHUA in English
1317 GMT 31 Mar 91

[Text] Beijing, March 31 (XINHUA)—Soviet Foreign Minister Aleksandr Bessmertnykh arrived here this evening by special plane for a two-day working visit to China.

Tian Zengpei, Chinese vice-minister of foreign affairs, went to the airport to greet the Soviet minister.

Upon his arrival, Bessmertnykh told reporters that he was very glad to have the opportunity to come to Beijing for the first time.

"We have a very important program to discuss, a very important agenda. Things are going to be perfectly alright," he said when asked about the prospect of his talks with his Chinese counterpart tomorrow.

Accompanying him are Deputy Foreign Minister Igor Alekseyevich Rogachev and other senior Soviet officials.

It is learned that tomorrow Chinese Premier Li Peng will meet the Soviet Foreign Minister and Chinese Foreign Minister Qian Qichen will hold talks with him.

Qian Qichen Meets Bessmertnykh

OW0104034491 Beijing XINHUA in English
0323 GMT 1 Apr 91

[Text] Beijing, April 1 (XINHUA)—Chinese Foreign Minister Qian Qichen and Soviet Foreign Minister Aleksandr Bessmertnykh held talks at Diaoyutai State Guesthouse here this morning.

This was the first meeting for the two foreign ministers. They first had a half-hour private talk. When the two men met, they said they were glad to be acquainted with each other.

Bessmertnykh noted that Qian must be very busy these days. Qian told the Soviet foreign minister that he was meeting him today and will meet British and Japanese foreign ministers a few days later. Earlier in the morning, Qian said, he had also met with the Mongolian foreign minister.

After their private talk, the two foreign ministers were joined by their aides.

Further on Meeting

OW0104093391 Beijing XINHUA Domestic Service
in Chinese 0819 GMT 1 Apr 91

[By reporter Chai Shikuan (2693 0013 1401)]

[Text] Beijing, 1 Apr (XINHUA)—Foreign minister Qian Qichen and Soviet Foreign Minister A. Bessmertnykh held talks at Diaoyutai State Guesthouse this morning. The talks covered a wide range of areas, including the development of Sino-Soviet good-neighborly and amicable relations, as well as international issues.

According to officials of the Foreign Ministry, in a friendly atmosphere the two foreign ministers reviewed, with satisfaction, the progress made in various fields of bilateral relations since President Gorbachev's visit to China; and normalization of relations between the two countries two years ago.

Bessmertnykh emphasized: Facts have testified that the new relations established since the normalization of Soviet-Chinese ties are full of vitality. The Soviet side is willing to continue to develop and strengthen such relations.

Qian Qichen pointed out: Since the normalization of relations, bilateral ties have developed steadily and in a healthy manner. The leaders of the two countries have unanimously agreed to step up dialogue and consultation on bilateral relations and major international issues. After the eruption of the Gulf crisis, it was essential that the leaders of the two countries repeatedly exchanged views and information.

The two foreign ministers attached a great importance to Chinese party and state leader Jiang Zemin's upcoming visit to the Soviet Union in May this year. Bessmertnykh said that the Soviet side anxiously looks forward to General Secretary Jiang Zemin's visit and regards the reception for him as an important event of Soviet foreign affairs this year. Qian Qichen said Jiang Zemin's official visit to the Soviet Union next month will definitely further enhance the good-neighborly and friendly relations, and mutually beneficial cooperation between the two countries.

The two foreign ministers also reviewed the ongoing talks on boundary delineation and reduction of border troops. They affirmed the progress already achieved, and expressed the willingness to continue the talks and facilitate their fruitful results as early as possible.

During the meeting, which lasted nearly three hours, the two foreign ministers also exchanged views on a wide range of international issues, including the situation in the Korean Peninsula and the Cambodian question.

Chinese Vice-Foreign Minister Tian Zengpei, Foreign Minister A. Kozyrev of the Russian Soviet Federated Socialist Republic, and Soviet deputy Foreign Minister Rogachev were present at the meeting.

Before the meeting, the two foreign ministers held a half-hour private talk.

Begin Talks on Post-Gulf War

OW0104055191 Tokyo NHK General Television
Network in Japanese 0300 GMT 1 Apr 91

[Text] Soviet Foreign Minister Aleksandr Bessmertnykh, who stopped over in China last night after winding up a visit to Japan, began holding talks with Chinese Foreign Minister Qian Qichen this morning. The talks began at Diayutai, which is equivalent to the Japanese State Guesthouse, at 1100 Japan time [0200 GMT] this morning.

Although the content of the talks has not yet been made clear, it is believed that the two sides will exchange views on Sino-Soviet cooperative relations, specifically the increased U.S. influence which has seen a turning point due to the Gulf war, along with the unresolved issues of border delineation and border troop reduction. In addition, the two sides are expected to consult on the normalization of relations between the CPC and the CPSU on the eve of General Secretary Jiang Zemin's visit to Moscow, scheduled for mid-May. Foreign Minister Bessmertnykh is also scheduled to meet with Premier Li Peng this afternoon.

Visit Called 'Good Sign'

OW0104105791 Beijing XINHUA in English
1034 GMT 1 Apr 91

[Text] Beijing, April 1 (XINHUA)—An official in charge of foreign affairs in the National Committee of the Chinese People's Political Consultative Conference (CPPCC) today described the visit by Soviet Foreign Minister Aleksandr Bessmertnykh to China as a "good sign" and being "conducive" to the development of relations between the two countries.

Speaking at a press conference given by leaders of special subcommittees of the Seventh CPPCC National Committee, Chai Zemin, vice-chairman of the Foreign Affairs Subcommittee, said his committee fully endorses the policies adopted by the Chinese Government in handling its relations with the Soviet Union.

China and the Soviet Union are neighboring countries sharing a boundary line of more than 7,000 km. There is no fundamental conflict of interest between the two countries. Therefore there is the need to expand their bilateral relations, he noted.

New achievements have been made in border trade between the two countries in recent years, he said, adding that the border trade is of significance to overall trade between the people of the two countries.

The Foreign Affairs Subcommittee of the CPPCC National Committee has forged people-to-people contact with its Soviet counterparts, Chai said, adding such contacts will continue to develop in the future.

Responding to a question raised by an American reporter, Chai said relations between China and Britain encountered some difficulties after anti-government riots occurred in

Beijing in the spring of last year. Now the Sino-British relations are returning to normal, he added.

Chai, himself a veteran diplomat, expressed the belief that the visit by British Foreign Secretary Douglas Hurd to China, scheduled for next Wednesday, will continue the process of normalization of relations between the two countries.

Qian Qichen Appraises Ties

HK0104115791 Hong Kong SOUTH CHINA
MORNING POST in English 1 Apr 91 p 7

[From Chris Yeung in Beijing]

[Text] The warming of ties between China and the Soviet Union would not lead to a restoration of relations to the level of the 1950s, the Foreign Minister, Mr Qian Qichen has indicated.

Mr Qian also reportedly said the Soviet Union was no longer a "superpower" in the face of its economic crisis and the deepening unrest among republics.

"The national strength of the Soviet Union has been weakened...there's only one superpower now in the world—the United States," Mr Qian reportedly said in an internal appraisal of the world situation.

The assessment by Mr Qian, who is expected to be promoted to State Councillor next week, was relayed by Mr Yang Li, a Guangdong delegate to the National People's Congress, to other deputies at a closed door meeting a day later.

Mr Qian's report covered the latest development of China's foreign relations and its basic diplomatic objectives.

Sources said the report pointed out the nature of the Gulf War, which brought sweeping changes to the global balance of power, was a battle for oil interest.

Mr Qian said the war between the U.S.-led allies and the Iraqi army as "big hegemonist power versus small hegemonist", sources said. [sentence as published]

The victory of the allied forces might lead to a greater U.S. influence in the Middle East, Mr Qian reportedly said in the report.

Noting China's persistent efforts to seek peace before and after the war, Mr Qian indicated that China would play a more active role in efforts for a long-term solution to bring peace to the Gulf.

The source said the second part of Mr Qian's report dealt with Sino-Soviet ties, which he said underscored the significance Beijing had attached to ties between the two socialist powers.

While stressing its ties with the socialist neighbour and the East European countries, the source said Mr Qian

had given a clear message that the perestroika masterminded by Soviet President Mr Mikhail Gorbachev had so far failed to bring about stability and prosperity to the country, but the contrary.

"Qian said virtually that the Soviet Union has gone the wrong way...however, he said in spite of this, China should still develop relations with the Soviet Union further," the source said.

"But he (Mr Qian) added that Sino-Soviet Union relations would not return to the best of times in the 1950s, the source added.

China's links with the East Bloc such as Poland and Romania would be further improved under the five principles of foreign relations championed by Beijing, the source quoted Mr Qian as saying.

Mr Qian said China appreciated the "one China" stance of the European countries over their relations with the mainland.

He reiterated that, among socialist countries, there should be mutual non-interference over the road of development, the source said.

In the report, Mr Qian also detailed the diplomatic success of the country, specially in improving ties with neighbouring countries including India, Indonesia, Singapore, Burma and Thailand.

He added that normalisation of ties with Vietnam following the progress over the talks on the Cambodia issue was also in the offing.

The source said details on the relations between China and the Western countries including the U.S. and Britain were conspicuously left out in the report, which he said reflected the relatively low priority that Beijing was attaching to these countries.

Experts Invited to Tianjin Cooperation Talks

SK2903063091 Tianjin TIANJIN RIBAO in Chinese
7 Mar 91 p 1

[By Zhong Yichun (0112 1571 2504) and Chai Yanbin (2693 1365 6333): "Our Municipality Invites Soviet Experts To Discuss Economic, Trade, and Technological Cooperation"]

[Text] During the "1991 China Tianjin Export Commodity Fair" on 6 March, the Tianjin Council for the Promotion of International Trade, and the Tianjin Chamber of International Commerce invited Sherlekov and Kirov, experts from the trade representative's office of the Soviet Embassy to China, to Tianjin to participate in the symposium on new styles of economic, trade, and technological cooperation with the Soviet Union. More than 100 persons from foreign trade enterprises, industrial and trade enterprises and export enterprises, and foreign trade departments of relevant districts, counties,

and bureaus of our municipality held animated discussions with the Soviet guests on the new styles of Sino-Soviet cooperation.

Sherlekov attended in the capacity of an expert in the new styles of cooperation. He said: Our government takes great interest in developing trade with China. The trade may be conducted either in the form of spot exchange trade or in the form of barter trade.

A very vigorous atmosphere permeated the symposium. Sherlekov said: The Soviet Union also has many joint ventures, and develops the processing industry with materials provided by foreign firms. Its joint ventures established with China total only 19; more should be built. We welcome China to open restaurants and establish joint ventures, such as garment enterprises, in the Soviet Union. Commodities, such as television sets, video and audio recorders, garments, shoes, and silk products may be traded through direct trade between companies or border trade.

Sherlekov said he was willing to serve as a channel in the cooperation between Tianjin and the Soviet Union in the industry, agriculture, commerce, foreign trade, and the tertiary industry so that new progress can be made in the cooperation between Tianjin and the Soviet Union.

CPC Politburo Member Li Ximing Visits Moscow

OW3103160491 Beijing XINHUA in English
1451 GMT 31 Mar 91

[Text] Moscow, March 31 (XINHUA)—Li Ximing, Politburo member of the Communist Party of China (CPC) and secretary of Beijing Municipal Committee of the CPC, heading a delegation, paid an official visit to Moscow starting March 27.

The delegation of Beijing Municipal Committee of the CPC made contacts and conversations with party members and some leaders of the Soviet Communist Party organizations at grass-roots level.

The Soviet side showed great interest in such kind of exchanges between the two capitals and expected to expand their contacts in the areas of mutual benefit.

During their stay in Moscow, the delegation visited a machine tool plant, state-run farms, an exhibition, former residence of Vladimir I. Lenin and the Kremlin.

The delegation is scheduled to visit Leningrad on April 1-2.

Northeast Asia

Japanese Foreign Minister To Visit 5-7 April

OW0104080291 Beijing XINHUA in English
0740 GMT 1 Apr 91

[Text] Beijing, April 1 (XINHUA)—Japanese Foreign Minister Taro Nakayama will pay an official visit to

China from April 5 to 7, at the invitation of Chinese Foreign Minister Qian Qichen.

This was announced by a spokesman of the Chinese Foreign Ministry here today.

The foreign ministers of the two countries will hold talks on bilateral relations and the international issues of common concern, the spokesman said.

Vice Minister To Discuss S. Korea's UN Bid

OW3103102791 Tokyo KYODO in English 0930 GMT 31 Mar 91

[Text] Seoul, March 31 KYODO—Chinese Vice Foreign Minister Liu Huaqiu arrived in Seoul Sunday to attend a 10-day meeting of the United Nations Economic and Social Commission for Asia and Pacific (ESCAP) which opens Monday.

Liu is the highest ranking Chinese official to visit South Korea, which has no official relations with China although their economic ties have been growing.

Liu also will meet South Korean Foreign Minister Yi Sang-ok to discuss Seoul's effort to join the U.N.

South Korea hopes to seek China's understanding for its U.N. bid because China, one of the five permanent members of the U.N. Security Council, is seen as playing a key role in its approval.

South and North Korea have observer status in the U.N.

Li Ruihuan Meets Mongolian Party Official

OW0104032591 Beijing XINHUA in English 0304 GMT 1 Apr 91

[Text] Beijing, April 1 (XINHUA)—Li Ruihuan, Political Bureau Standing Committee member of the Communist Party of China (CPC), met L. Tudev, Presidium member of the Central Committee of Mongolian People's Revolutionary Party (MPRP) and editor-in-chief of PRAVDA, the organ of MPRP, here this morning.

The two men had a cordial and friendly conversation and briefed each other on their own countries' domestic situation.

Li said relations between China and Mongolia and CPC and MPRP have been good.

He noted that exchanges between both sides have increased recently.

He also said the cooperation between PRAVDA and CPC's organ PEOPLE'S DAILY are good. He expressed his hope that such cooperation will be strengthened.

Tudev came to visit China at the invitation of PEOPLE'S DAILY.

Qian Qichen Meets Mongolian Foreign Minister

OW0104075891 Beijing XINHUA Domestic Service in Chinese 0611 GMT 1 Apr 91

[Text] Beijing, 1 Apr (XINHUA)—Qian Qichen, minister of foreign affairs, met with Tserenpilyn Gombosuren, minister of foreign affairs of the Mongolian People's Republic, in Beijing this morning. Both sides exchanged views on further developing relations between China and Mongolia, as well as on issues of common concern.

Gombosuren arrived in Beijing yesterday on his way home from an overseas tour.

Latin America & Caribbean

Yang Shangkun Meets Peruvian Vice President

OW2903133391 Beijing XINHUA in English 1122 GMT 29 Mar 91

[Text] Beijing, March 29 (XINHUA)—Chinese President Yang Shangkun said here today that China will depend mainly on its own efforts and also pursue cooperation with friendly foreign countries to implement its five-year and ten-year programs for economic development.

Yang made the remarks in a meeting with Maximo San Roman, first vice-president of Peru and president of the Senate, and the parliament delegation he is leading.

Yang noted that the Fourth Session of the Seventh National People's Congress is now being held in China and at the session Premier Li Peng made a report on the draft five-year and ten-year programs for China's economic and social development.

"It is not an easy thing for us to realize the aims set for the next five and ten years, or to make our economy grow at a six-percent annual growth rate," Yang said, adding "We have to make every effort to achieve this aim."

On the one hand, Yang went on, China has to depend on its own efforts, reduce mistakes and do a better job in every field. On the other hand, China needs a fine international environment, he said.

He added: "The two factors of international peace and stability within China are very important for our future construction."

Although China has made great achievements in the past decade, Yang continued, the overall standard of China's economic development is not high.

China, as a developing nation, might encounter various unexpected difficulties in implementing its five-year and ten-year programs but will mainly depend on itself to overcome the difficulties, Yang said, adding it will also pursue co-operation with friendly foreign countries and regions.

During the 40-minute meeting, Yang extended a warm welcome to San Roman and said the relations between China and Peru have been developing smoothly since the establishment of diplomatic ties.

Describing Peru as a Latin American nation with an ancient history, Yang said the Peruvian people behaved bravely in their struggle for independence. "We are happy about the achievements Peru has made in its economic development," he said.

He noted that since the establishment of diplomatic ties, contacts between the two countries have been frequent, and many Chinese leaders have visited Peru, an indication of the respect and friendly feelings the Chinese people have for the Peruvian people.

The Chinese president said the two peoples are facing the same task of developing their respective economies. Peru is rich in natural resources and the two countries should help supply each other's needs in this field. "The prospects are broad for the two countries to collaborate in natural resources and technology," Yang said.

He expressed the hope the current visit by San Roman would serve as a new beginning for Sino-Peruvian relations in various fields.

Yang asked San Roman to pass his greetings to Peruvian President Alberto Fujimori and reiterated the invitation, which was put forward last July, for the president to visit China.

San Roman said he was surprised to see the achievements China has made in the decade-long reform and opening. Peru is keen to conduct beneficial economic exchanges and co-operation with China.

He stressed that Peru would abide by the series of agreements and documents entered between the two

countries, including the principles set out in the communique on establishment of Peru-China diplomatic ties signed in 1971.

He invited Yang to visit Peru while on a tour of Latin America in the future. Yang extended his thanks.

San Roman and his party are scheduled to leave here tomorrow.

San Roman Stresses Closer Ties

*OW2903134291 Beijing XINHUA in English
1231 GMT 29 Mar 91*

[Text] Beijing, March 29 (XINHUA)—Maximo San Roman, visiting first vice-president of Peru and president of the Senate, said here today that he hoped Peru-China relations of cooperation would be enhanced.

In an interview with XINHUA here, San Roman praised China's policy of opening to the outside world, and expressed his appreciation for the great achievements China has made.

He said that through his current visit, he had got a better understanding of China.

He expressed the hope that the friendship between the two governments and two peoples of Peru and China would be strengthened, and bilateral cooperation in the fields of culture, economy and trade, and in mineral industry, agriculture and fishery in particular, be promoted.

He said that Peru, rich in natural resources, could supply China with iron ore it needs.

San Roman said the two countries will sign an agreement on cooperation in agriculture and fishery, and there are high prospects for cooperation between the two countries in this field.

National People's Congress

Yao Guang Conducts News Briefing 30 March

Chen Jinhua on Reform Policy

OW3003081391 Beijing XINHUA in English
0750 GMT 30 Mar 91

[Text] Beijing, March 30 (XINHUA)—Chen Jinhua, minister in charge of the State Commission for Restructuring the Economy, said here today that in the next decade China will be even more steadfast pursuing the policy of reform and opening to the outside world.

Chen made the remark at a press conference given by Yao Guang, spokesman of the current session of the National People's Congress, here this afternoon.

It is the first time for Chen to meet the press since he took up his present post last year.

He said that reform is a long and complicated innovative cause and the present reform has far from entirely transformed the traditional system into a new one.

He noted that there still exist some profound problems which need to be solved through further reform measures and China will continue to precipitate and improve economic restructuring in China. [sentence as received]

He said that Premier Li Peng's report has clearly stipulated the objective and main tasks of China's economic restructuring in the 1990s and the objective is to initially establish a new socialist planned commodity system based on public ownership and an economic operating mechanism with the integration of planning and market forces.

He said that centering on this general goal, China will focus on the promotion of reforms in five respects:

First, to improve the ownership structure by retaining the socialist public ownership as the mainstay while properly developing individual entrepreneurship, private business and other economic components.

Second, to separate administration from business and appropriately separate ownership from management, gradually enabling the majority of state-owned enterprises to become, in a real sense, the socialist business and commodity producer endowed with managerial autonomy, with the responsibility for their own profits and losses, and with the capability of self-restraint and self-development.

Third, to further improve consumer goods markets, to enlarge markets for capital goods, to develop markets of various commodities and production factors.

Fourth, to rationalize the distributing relations among state, collective and individuals, and between the central government and local authorities, bringing into existence a rational distributing structure of national income which can fully reflect the principle "to each according to his work".

Fifth, to regulate and adjust the economy by applying economic, administrative and legal means in a comprehensive way, especially by applying such economic leverages as price, taxation, interest rate and exchange rate, and to establish a double-tier regulation system by the central government, and provinces, municipalities and autonomous regions.

Chen said that from this year onward, China will, in the spirit of planning in a unified way and centering on certain tasks in one period, focus on reforms of housing and social security systems, in a bid to reduce the burden which the enterprise shoulders for society, and to create necessitated environment for further enterprise reform.

In the meantime, he said, China will gradually decrease the subsidies provided by the state, enabling both the state and localities to accumulate funds for economic development in order to lay a new foundation both in material and technology for the country to enter into the next century.

Cites Centralization Efforts

OW3003091291 Beijing XINHUA in English
0825 GMT 30 Mar 91

[Text] Beijing, March 30 (XINHUA)—China will properly centralize efforts to meet the requirements for fulfilling the objective of quadrupling the 1980 GNP by the year 2000, while bringing the initiative of the localities into play, a senior Chinese official said here today.

Chen Jinhua, minister in charge of the State Commission for Economic Restructuring, made the remark in response to a question at a press conference given by Yao Guang, spokesman for the current session of the National People's Congress, here this afternoon.

Chen supported his statement by citing the example of the Baoshan Iron and Steel Complex in Shanghai, which needs an investment of 30 billion yuan.

"Only the central government can make such a big investment in the project," he said, adding that the completion of the project will contribute to national construction and the growth of the productive forces.

Over the past 12 years, Chen said, a series of measures and policies have been adopted to change the situation in which there was too much centralization and the local initiative was affected.

However, he said, to some extent too much decentralization occurred in the reform drive, resulting in repeated construction in motor vehicle, electronic and other industries.

Answering another question, Chen said China will take legislative and administrative measures to make more proper the relations between the central and local governments, including the system of sharing taxes between the central and local authorities.

Later, in response to a third question, Chen Jinhua said that China's reform policy and principles were designed

by Deng Xiaoping and have gone through legal procedures. "No matter who is the head of the government, the reform will continue," he added.

Reforms in Line With Deng's Idea

OW3003105091 Beijing XINHUA in English
1032 GMT 30 Mar 91

[Text] Beijing, March 30 (XINHUA)—The policies and goals set in the draft outline of China's 10-Year Program and the Eighth Five-Year Plan for Economic and Social Development, now under deliberation at the current session of the National People's Congress, are well in line with Deng Xiaoping's idea, a senior Chinese official said today.

The reforms China now undertakes conform to Deng's idea of building socialism with Chinese characteristics, said Chen Jinhua, minister in charge of the State Economic Restructuring Commission, at a press conference here.

The policies regarding China's economic development and reforms were initiated by Deng, established through legal procedures of the country and being carried out, the minister said.

Answering a question raised by a CCTV reporter, Chen said that one goal of the price reform is to gradually change the present double-track price system, but it still needs time and some economic conditions.

He also revealed that in the past two years, about 170 Chinese enterprises went into bankruptcy and their cases have been referred to economic courts to handle. China adopted the law of bankruptcy in 1989.

Li Lanqing on Foreign Trade Reform

OW3003084391 Beijing XINHUA in English
0806 GMT 30 Mar 91

[Text] Beijing, March 30 (XINHUA)—China's latest reform of foreign trade system which started at the beginning of this year has enabled foreign trade companies to be responsible for their own profits or losses, follow a unified policy, engage in fair competition, practise foreign trade agency system and integrate industry with trade, a senior Chinese official said here today.

Speaking at a press conference here this afternoon, Li Lanqing, minister of foreign economic relations and trade, told some 400 Chinese and foreign reporters that the reform of foreign trade system from this year has the following characteristics:

- Getting rid of the practice of egalitarianism, following international conventions to make foreign trade enterprises be responsible for their own profits or losses, feel the pressure of improving their management and performance and have the power of self-development;
- Changing the differential foreign exchange retention system based on regions into a foreign exchange retention system based on variety of commodities to create conditions for fair competition among enterprises,

improving the foreign trade order and promoting them to upgrading management;

- Further improving macro-management of foreign trade;
- As China's trade partners are mainly capitalist countries, more stress being given to displaying the function of market regulation in foreign trade under the principle of combining state planning with market regulation;
- Allowing export enterprises to have more decision-making power in use of their retained foreign exchange to increase opportunities for foreign companies to market their commodities in China;
- Maintaining continuity and stability of policies of encouraging exports and management measures of foreign trade.

Generally, Li said, the recent reform manifested China's policies of opening wider to the outside world, and made China's foreign trade system more adaptable to the international trade norms as required by the GATT and conducive to expanding China's international cooperation and exchange.

The trade minister added that experience in the past two months showed that the reform is following the correct orientation and will help China's foreign trade develop in a sustained and stable manner.

Comments on PRC-U.S. Ties

OW3003085591 Beijing XINHUA in English
0843 GMT 30 Mar 91

[Text] Beijing, March 30 (XINHUA)—The bilateral relations between China and the United States, especially the economic relations and trade, would be harmed if the United States suspends China's most-favored-nation [MFN] status or maintains the status conditionally.

Li Lanqing, Chinese minister of foreign economic relations and trade made this statement at a press conference sponsored by the on-going National People's Congress here this afternoon.

The most-favored-nation status is the most important content in the Sino-U.S. trade agreement and forms the cornerstone of the two countries' economic relations, the minister said.

Suspension of the MFN status will have severe impact on China's exports to the United States, and will also be harmful to the benefits of the American consumers and the American investors, he stressed.

According to the official, the United States is now the biggest foreign investor in China with a total investment of 4,364 million U.S. dollars.

In addition, he said, the suspension will also harm the interests of Hong Kong, which "we do not want to see either".

The current development of Sino-U.S. economic relations and trade results from the common efforts of the two countries' trade and industrial circles, the minister said.

He said that China appreciates the principled position of the American Government on this issue. He also expressed the hope that U.S. congressmen take the overall interests into account and avoid letting any "non-trade factors" affect Sino-U.S. trade.

The minister took the opportunity to invite U.S. congressmen to come to China and look at the current situation in the country. He said that will help them gain a better understanding of the situation and will also help them make decisions concerning Sino-U.S. economic relations and trade.

Explains Subsidy Reductions

OW3003094891 Beijing XINHUA in English
0920 GMT 30 Mar 91

[Text] Beijing, March 30 (XINHUA)—Li Lanqing, minister of foreign economic relations and trade, said here today that specific measures have been adopted to reform China's foreign trade system.

Responding to a question at today's press conference, Li said that reducing subsidies for export products is just one of these measures.

He said that adjusting the exchange rate of RMB [renminbi], the Chinese currency, is related to these measures, and the export-oriented enterprises have performed well since the new measures were adopted last January.

He was sure that the foreign trade reform will make China's foreign trade system more in keeping with conditions of the GATT.

However, he said, "this does not mean that we have declared openly that we will make the commitment that there will be no subsidies at all for exports in China since many developed countries give more subsidies both in amount and in ratio than us for their exports."

The Chinese foreign trade minister said that the comprehensive cancellation of the export subsidies should be resolved through multilateral negotiations with all countries making the commitment.

Asked about mainland-funded enterprises in Hong Kong, Li said that the business activities of these enterprises have been going on well and conducive to the prosperity of Hong Kong's economy and the economic construction on the mainland.

He said that since the rectification of these enterprises began two years ago, only a few mainland-funded enterprises in Hong Kong have been dismantled or merged in keeping with the procedures of the local law.

Song Ping Addresses Meeting on Appointments

OW3003092891 Beijing XINHUA in English
0839 GMT 30 Mar 91

[Text] Beijing, March 30 (XINHUA)—A draft list of candidates to be appointed as members of the State Council was adopted at the Second Meeting of the Presidium of the Fourth Session of the Seventh National People's Congress (NPC) here this afternoon.

Entrusted by the Central Committee of the Communist Party of China (CPC), Song Ping, member of the Standing Committee of the party's Political Bureau, addressed the meeting on the personnel appointment.

He said that the CPC Central Committee hosted a consultation meeting March 28 on the matter. The leaders of the non-communist parties and individuals without party affiliation who attended the meeting expressed agreement on the list of candidates.

It is learned that after the presidium meeting, Premier Li Peng's nomination of the candidates and the draft list adopted by the presidium will be deliberated by the NPC delegations.

Wan Li, chairman of the NPC Standing Committee, presided over today's meeting, which also adopted a draft on by-electing a member of the NPC Standing Committee and decided to submit the draft to the delegations for discussion.

The meeting, attended by 124 members of the Presidium, also adopted a draft of method for the election and appointment, which will be submitted to the NPC Session.

Panel Discussions To Be Held on Nominees

HK0104035891 Hong Kong WEN WEI PO in Chinese
1 Apr 91 p 2

[Report: "National People's Congress To Hold Panel Discussions for State Council Leaders Today"]

[Text] The Fourth Session of the Seventh National People's Congress [NPC] will hold panel discussions this afternoon for candidates for the new responsible persons of the NPC and the Chinese People's Political Consultative Conference [CPPCC], as well as for the new vice premiers and state councilor nominated by the premier.

According to well-informed sources here, the potential candidates for the vice premier positions are Zou Jiahua, state councilor and concurrently minister of state planning, and Zhu Rongji, secretary of the Shanghai municipal party committee and concurrently mayor. The potential nominee for state councilor is Foreign Minister Qian Qichen.

During an interview with a Japanese reporter a few days ago, Jiang Zemin, general secretary of the CPC Central Committee, clearly disclosed that there will be new State Council leaders. To better implement the policy of

continuous reform and opening up and maintain sustained, steady, and coordinated development of the national economy, he said, it is necessary to increase efficiency and readjust the industrial setup. To accomplish this arduous task, we must strengthen the State Council's leadership. This question has been placed on the current NPC's agenda.

According to the agenda, the current NPC will determine the list of new premiers and state councilor by the afternoon of 8 April.

Jiang Zemin, Shanghai Deputies Review Report

OW3003060691 Beijing XINHUA Domestic Service in Chinese 1742 GMT 29 Mar 91

["Feature: A Grand Blueprint and A Glorious Mission (By XINHUA reporters Chen Maodi (7115 3029 1717) and Sun Benyao (1327 2609 1031))"—XINHUA headline]

[Text] Beijing, 29 Mar (XINHUA)—The renovated and fresh-looking Shanghai room at the Great Hall of the People basked in the spring warmth this afternoon.

There, the Shanghai delegation to the Fourth Session of the Seventh National People's Congress [NPC] was deliberating Premier Li Peng's report on the outline of the 10-Year Program and the "Eighth Five-Year Plan."

Jiang Zemin, general secretary of the CPC Central Committee, deliberated the report with Shanghai deputies. When he entered the room, he smiled and cupped his hands as in obedience to the deputies. He cordially said to 90-year-old Deputy Su Buqing: "Old Su, how are you? I recently read a great article of yours in RENMIN RIBAO."

Ye Gongqi, head of the Shanghai delegation to the NPC and chairman of the municipal people's congress Standing Committee, said: "General Secretary Jiang Zemin joins the Shanghai delegation for deliberation every year. He is very friendly every time we meet him. Now, fellow deputies, please make your speeches."

Ye Gongyi had hardly finished his speech when the deputies began to speak one after another. They unanimously said: Premier Li Peng's report is comprehensive, thorough, and realistic. In addition to reviewing the achievements in the past decade, it charts a grand blueprint for carrying out socialist modernization in the next decade. The report inspires us and enhances our sense of mission in rendering meritorious services to the four modernizations. The deputies also expressed some excellent opinions and suggestions.

Education is the Foundation

Deputy Gao Runhua was the first to speak. In introducing her, Ye Gongqi said: "She is the principal of Ge Zhi Middle School."

Jiang Zemin said with a smile: "No need to introduce her. I know her very well." Thereupon, the mood in the room grew livelier.

In voicing her views on basic and home education, Deputy Gao Runhua said: "Science and technology are key to achieving the second strategic goal, while education is the foundation. Without first-rate education, there will be no top-notch demographic quality. Hence, while emphasizing economic returns, all trades and professions must take social benefits into consideration and clean the general environment in which young people grow."

Deputy Chen Bingsheng expressed satisfaction with the substantial increase in spending on scientific and technological education as proposed in the outline of the 10-year program and the "Eighth Five-Year Plan." He proposed: To carry out educational undertakings effectively and successfully, it is necessary to exercise good control over educational funds and to use them well. Moreover, spending on basic education should be given priority. The "Law on Education" should be enacted at an early date. Deputy Feng Fuhai said: To satisfy the needs of opening wider to the outside world, it is essential to strengthen the education and training of skilled personnel, and cultivate a crop of outstanding personnel knowledgeable in various branches of learning and capable of working in medium- and large-scale enterprises, including international enterprises.

Deputies Gao Runhua and Wu Yigong suggested drawing up a complete ideological and moral educational program for preschoolers and students at primary schools, middle schools, and universities. They noted that the core of education lies in improving the entire nation culturally, ideologically, and morally.

Jiang Zemin expressed total agreement with the deputies' opinions. He said: At the Fourth Plenary Session of the 13th CPC Central Committee, I suggested that education on national conditions and modern history be conducted among people throughout the nation, particularly among the youth. We must follow the socialist orientation in upholding the reform and open policies. This is like a large steamship maintaining a correct course when sailing at sea. Aside from educating the vast numbers of youths and students on national conditions and modern history, it is necessary to conduct education with patriotic themes on national integrity and dignity, starting with simpler subjects and gradually proceeding to more profound topics. This will enable patriotism to take root in the young souls. I hope that youths and students will be given textbooks on national conditions when school opens this autumn.

Earnestly Strengthen the Construction of a Spiritual Civilization

Deputies Wu Yigong, Ha Boxin, and Yuan Xuefen spoke one after another on strengthening the construction of a spiritual civilization. Deputy Wu Yigong said: Premier Li Peng's report points out the direction for strengthening the construction of a spiritual civilization in the next decade. All ideological confusions start with theoretical chaos, and all vacillations in concept and confidence are primarily

caused by rickety theoretical foundations. Therefore, it is crucial to strengthen the construction of Marxist theoretical bodies. Deputy Ha Baoxin suggested that efforts to intensify the struggle against the "six vices" and "pornography" be continued. He said: This has an effect on social stability and the healthy growth of young people. In her speech, Deputy Yuan Xuefen said: Concrete actions should be taken to build a socialist spiritual civilization. Problems in this respect cannot be resolved by merely holding a couple of meetings.

After carefully taking notes of their speeches, Jiang Zemin said: Your views are excellent. The state of "being tough on one hand and soft on the other" must be changed.

The Fundamental Point Is To Develop the Economy

Deputy Zhang Yan said: China has used 7 percent of the world's arable land to solve the problem of feeding 22 percent of the world's population. This is a marvelous achievement. Our country, however, has a huge population. Even if grain output reaches 500 billion kg at the end of 2000, per capita grain share will only total 384 kg. Hence, continuing efforts must be made to vigorously develop agriculture. She then proposed several actions for strengthening agricultural development.

Jiang Zemin said: It is indeed not easy for China to feed and clothe its 1.1 billion people well. We reaped bumper harvests in agriculture last year. People often say that the years of the Ox and the Horse are good for farming. This year belongs to the Goat, but we still should work to achieve bumper harvests. We should constantly bear agriculture in mind, and should by no means relax efforts in this regard.

In their remarks, Deputies Wang Zhigang and Zheng Linsun expressed their opinions on improving economic results and invigorating medium- and large-scaled enterprises. They also made suggestions on formulating industrial policy. Deputy Feng Fuhai stated: There are both challenges and opportunities in the next decade. Shanghai should expedite the development and opening of the Pudong New Zone to speed up economic development in the Changjiang Delta.

Jiang Zemin listened attentively to the deputies and carefully jotted down their remarks. He said: The fundamental point is to develop the economy. Once the economy is developed, we will find it easier to resolve many problems. The key lies in developing the economy and invigorating large and medium-scale enterprises. It is necessary, however, to fully recognize the arduousness of invigorating medium- and large-scaled enterprises and to create good external conditions for them. More important, medium- and large-scaled enterprises should strengthen their internal management. Aren't we supposed to launch activities to promote "quality, variety, and efficiency" this year? In my opinion, quality, variety, and efficiency should be stressed not only this year, but throughout the period of the 10-Year Program and the "Eighth Five-Year Plan."

Deputy Zhang Min voiced her opinions on how to accelerate the development of China's electronic industry. Toward the end of her speech, she said: "General Secretary, when you were in Shanghai, you published a thesis on the development of the microelectronic industry in the school newspaper of Shanghai's Jiatong University. I suggest that the general secretary write one more article on this issue."

Upon hearing this, Jiang Zemin broke into laughter, saying with a wave of his hand: "I am no longer a professor. Please ask some other comrade to write it. Electronics will remain a very important technology through the end of this century and into the next one. We must develop it in key areas."

Qiao Shi Views Democracy With Shanghai Deputies

OW3003133691 Beijing XINHUA in English
1323 GMT 30 Mar 91

[Text] Beijing, March 30 (XINHUA)—China should base the building of the legal system on its own concrete conditions, a high-ranking Chinese official said here today.

Qiao Shi, standing committee member of the Political Bureau of the Chinese Communist Party Central Committee, said that great achievements have been made in promoting democracy and legislation over the past 10 years.

Nevertheless, he said, it has to take a long time to establish a law-ruled society in the country.

Qiao made the remarks at a group discussion with deputies from Shanghai to the ongoing session of the Chinese National People's Congress [NPC].

Shen Minkang, secretary-general of the Standing Committee of the Shanghai Municipal People's Congress, said that China should expand democracy and strengthen the legal system as reform and open policies are further carried out in the coming decade.

Only by promoting democracy can the enthusiasm of the masses be tapped for socialist construction, he said. With improved legal system, democracy will be institutionalized and codified and citizens' democratic rights ensured.

He expressed the hope that all economic relations and social activities in the country should be standardized in the form of law.

After hearing views of the NPC deputies, Qiao Shi said that China's central task in the next decade is to push forward economic construction, and economic development cannot be separated from the development of science, technology, education and culture, nor from socialist democracy and legal construction.

Qiao Shi said that the legal construction must not depart from China's reality.

He said that the legal construction should embody the spirit of reform instead of clinging to the old conventions.

At the same time, Qiao Shi noted, political stability and unity must be maintained to ensure stability for a long time to come.

Stability is key to the smooth development of socialism, he said, adding that maintaining stability aims at developing the economy, strengthening socialist democracy and legal construction and deepening the reform and opening.

Expects No Resurgence of Turmoil

HK3103033691 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 31 Mar 91 p 9

[By Chris Yeung in Beijing]

[Text] A senior Communist Party leader, Mr Qiao Shi, has said he expects no resurgence of social turmoil as China gears for the second anniversary of the crushing of the pro-democracy movement.

While stressing the paramount significance of social and political stability in developing the economy with "one heart and one mind" over the next decade, the Politburo Standing Committee member also refuted criticism that the pace of economic and political reforms was too conservative, but rather "cautious and active".

Mr Qiao, who is responsible for law and order in the powerful Politburo, outlined the country's economic strategy, political situation and the future development of Shanghai's Pudong region at a group discussion of Shanghai delegates at the National People's Congress [NPC] morning session, which entered its sixth day yesterday.

The Shanghai session was one of many panel discussions held by deputies from across the country during briefings on the major measures of reform to be taken this year in their respective regions.

Mr Qiao told the Shanghai deputies the country felt the need for political stability in view of developments in the past 41 years since the communists came to power.

The Cultural Revolution from 1966 to 1976 aside, Mr Qian said the country also experienced "some problems" beginning from the mid-1980s, apparently referring to the 1987 to 1989 student-led democracy movements.

"The lesson to be drawn is that a united and stable political situation was crucial in our economic construction. We can do nothing if the country is in a mess," Mr Qiao said.

"I hope that you are fully aware of this and let the masses understand and strive for a stable environment."

The senior party leader said "there are always elements of instability" in society, but did not elaborate.

"When we say we want to maintain unity and stability, we are not saying we just want to maintain the status quo. It's because we ought to have a more stable environment for development.

"What's wrong with that? Our ultimate goal is to go ahead with economic, social and political reforms. Some people say we are conservative. I disagree.

"We are convinced that only with a stable society can the economic development be developed step by step. If there is chaos, I'm certain we will not be able to develop our economy."

Mr Qiao's remarks were apparently aimed at people outside China, in particular Hong Kong, who have expressed concern that the country was going back on its open-door policy following the June 4 military crackdown in Beijing.

Calls for the maintenance of political stability and unity for economic development over the next five and 10 years have dominated the NPC session, as sensitive anniversary dates such as the April 5, 1979, Tiananmen Square incident and the June 4 crackdown near.

Mr Qiao refused to comment on the sentiment on campuses around the country. When asked whether he was concerned about recurrence of the demonstrations that led to the June 4 killings, he said: "I'm not worried."

In his address, he admitted the problem of "rule by will" instead of "rule by law" remained, despite efforts to promote the latter in the past few years.

"Although the problem has also existed in other capitalistic countries, we have to admit that the problem is more serious in some respects in China. But it takes time for it to be solved," Mr Qiao said.

The mayor of Shanghai, Mr Zhu Rongji, who is tipped to be promoted to the post of vice-premier before the end of the current session, heaped praise on his predecessor, Mr Jiang Zemin, party general secretary, for his efforts in laying down a strong foundation for Shanghai.

"Comrade Jiang Zemin has frequently expressed his concern over our development and has given his assistance on some substantial matters," Mr Zhu said.

He attributed the rapid economic development of the city to the "democratic centralisation system", under which the communist leadership only made decisions after wide consultation, in particular among retired cadres.

Li Peng, Deputies on Contacts With South Korea

*OW2903131991 Beijing XINHUA in English
1253 GMT 29 Mar 91*

[Text] Beijing, March 29 (XINHUA)—Chinese Premier Li Peng reiterated here today that the contacts between China and South Korea are limited to trade and economic ties at the people-to-people and nongovernmental level and are not in the nature of political or diplomatic ties.

But he said that nongovernmental trade between China and South Korea will expand.

The Chinese premier made these remarks during a discussion with deputies to the National People's Congress from Shandong Province, which is one of the active Chinese traders with South Korea.

In his speech at the opening session of the NPC last Monday, the premier said: "China's exchange of non-governmental trade offices with South Korea will facilitate the development of nongovernmental trade and economic relations between the two sides."

Today Li Peng spoke highly of the achievements scored by Shandong Province in reform and opening to the outside world and expressed the hope that Shandong and other parts of China will do a better job in handling the relationship among local development, reform and stability.

He said the reform is designed to promote development and must be conducive to stability without causing big social shock.

Li Peng urged the provincial authorities to further harness the Yellow River which pours into the sea through this farming province.

Over the past four decades, he said, the Yellow River has been turned from a harmful river to a beneficial one. But the river remains a danger.

The premier described the harnessing of the Yellow River as an important task for the people living along its middle and lower reaches. "I hope that great progress will be made in removing the danger of the river in the next decade," he added.

XINHUA's Zhou Nan on Hong Kong's Reversion

HK2903111791 Hong Kong WEN WEI PO in Chinese
29 Mar 91 p 2

[Report by WEN WEI PO reporters: "Full Text of Zhou Nan's Speech at a Group Discussion Meeting During the National People's Congress Session"]

[Text] Beijing, 28 Mar (WEN WEI PO)—Zhou Nan, director of the Hong Kong branch of XINHUA NEWS AGENCY, addressed a meeting of the Guangdong delegation to the National People's Congress [NPC]. The following is the full text of his speech:

The Intrinsic Favorable Conditions Must Not Be Discarded

1. The "Report on the Outline of the 10-Year Program and the Eighth Five-Year Plan for National Economic and Social Development" submitted to the current NPC session for examination and approval by Premier Li Peng on behalf of the State Council is a realistic one based on facts, and also an inspiring one. I give full support to this report.

The report profoundly sums up the practical experience since the Third Plenary Session of the 11th CPC Central

Committee, makes a brilliant generalization by presenting 12 principles for the theory and practice of the construction of socialism with Chinese characteristics, and puts forward the basic ideology, operational program, guidelines, and policies for the realization of the second-stage strategic goal for socialist modernization. The report fully reflects the general guideline of "one center, two basic points." It will play a part in further mobilizing all the Chinese people to wholeheartedly plunge into the efforts to boost the country's economy. The report has given stress to the necessity of furthering reform and opening up, put forward the principle of steadfastly expediting the reform and opening up process on the basis of economic improvement and rectification, and, at the same time, reiterated the importance of adherence to the four cardinal principles. The report has embodied the spirit of promoting material and spiritual civilization simultaneously and warned of the past mistake we had committed in being tough on the one hand but soft on the other. Mentioning this is necessary indeed. It is in keeping with the fundamental desire and interests of the Chinese people throughout the country to stick to economic construction as a central task, take economic development as the basis for the improvement of the people's living standards and social progress, and to rapidly boost China's complex national strength. Both the experience in our own country and in other countries has proved that in order to promote national economy and speed up socialist modernization, one cannot but resort to reform and open one's country to the outside world; and, in reform and opening up, one definitely must stick to a correct political orientation. Under the conditions of reform and opening up, one cannot slack up in building socialist spiritual civilization; otherwise economic and social development will deviate from the socialist line, social stability will be upset, and economic construction, reform, and opening up will not be able to proceed smoothly. Our strong sense of belonging to the nation, fine historical culture, patriotic tradition, firm faith in socialism, and highly efficient organization are our favorable conditions. In the years to come, we should give full play to our favorable conditions to mend our deficiencies. In no way should we discard our intrinsic favorable conditions.

In my opinion, another characteristic of the report is that it adheres to the ideological principle of seeking truth from facts. As far as economic construction is concerned, a positive, safe, and moderate line is adopted, which ensures a continuous, stable, and coordinated development of the economy. Because of the large population and poor basis, although the past few years witnessed quite rapid economic growth in this country, China is still relatively underdeveloped in the world on a per-capita basis. So it is readily understandable that both the masses and the leadership at all levels are longing for an early change in our backward state. Objectively speaking, we do need to keep up a certain speed in economic development. The growth rate must be based on real feasibility, however. It is necessary to prevent the

phenomenon that different localities irrationally compete with each other for high growth, being too eager for quick success. It is unrealistic to expect that all tasks will be accomplished overnight. Any attempt to do so will certainly lead to failure and will disrupt the smooth development of the national economy. This is a very important lesson we have drawn several times from our experience since the founding of the PRC. In fact, without coordination, we can hardly achieve steady and continuous growth. In setting the economic growth rate at 6 percent, which is moderate, the report has taken a positive, safe, and appropriate step, and has left room for adjustment. If account is taken for economic returns, a 6 percent growth rate without exaggeration will be, we must say, a pretty high rate.

Given the current turbulent international situation, we must uphold a foreign policy of independence and peace, with a view to creating a favorable external environment for the socialist modernization of China. We made great progress in promoting foreign relations last year. The report has given a brilliant summarization of the basic content of the new international order (including both new political and economic order) that is to emerge. This is a question of far-reaching historical significance. All countries, large or small, should be independent and equal members of the international community, and therefore should respect each other without interfering in each other's internal affairs. There is a fundamental difference between the new international order based on the five principles of peaceful coexistence and the old order based on hegemonism and power politics practiced by an extremely few big powers. Only the former new order is truly in the interests of the lasting peace of the world and the common prosperity of all countries. This is a major issue having a bearing on the making of the future new international structure. We should take the initiative in uniting with all the forces in the world that can be united and strive to create step by step this new international political and economic order.

China To Rank Among the Most Powerful Countries in Terms of National Strength

The goal that the 10-Year Program and the Five-Year Plan aim at is very inspiring. Our party has adhered to the basic line of "one center, two basic points" since the Third Plenary Session of the 11th CPC Central Committee. Thanks to the concerted efforts by all the Chinese people, China has achieved great success in economic and social development that has astonished the world, and nowadays it possesses a considerable complex national strength. The practice over the past one year or so has shown that the party's central leadership with Comrade Jiang Zemin as the core is strong and mature. In the past year or so, under the party's central leadership with Comrade Jiang Zemin as the core, we made new major big strides. The goal set forth by the 10-Year Program and the Eighth Five-Year Plan anticipates that by the turn of the century, China's gross national product will be redoubled over the 1980 figure, the Chinese people's living standards will be upgraded from a level of

merely sufficient supply of food and clothing to a well-to-do state, China will rank among the most powerful countries in terms of complex national strength, and the Chinese people will cast off once and for all the poverty and backwardness that they have suffered for more than a century and will play a more active role in international affairs. This will be a really marvelous major event of worldwide significance. I am sure the Chinese people of all nationalities will certainly unite around the party's central leadership with Comrade Jiang Zemin as the core and work hard with one heart and one mind, and they are bound to accomplish the magnificent goal for the prosperity of China. We the Chinese nation will certainly make still more brilliant contributions to the progress and development of mankind.

The Situation in Hong Kong Has Improved Remarkably

2. The destinies of Hong Kong and the motherland are closely related. Part two of the report lists the "gradual accomplishment of the great cause of reunification of the motherland according to the idea and practice of 'one country, two systems'" as one of the 12 principles guiding the basic theory and practice of building socialism with Chinese characteristics. This indicates the state has attached great importance to the work related to Hong Kong, Macao, and Taiwan. The last part of the report emphasizes: "The Taiwan, Hong Kong, and Macao compatriots love the motherland, and they are willing to do their share for the peaceful reunification and modernization of the motherland." This evaluation conforms with reality. In fact, in the wake of the turn for the better in the situation in China, the situation in Hong Kong has improved remarkably. Over the past year or so, the positive political and economic developments in mainland China, as well as all the positive steps taken by the Chinese Government toward the full implementation of the Sino-British Joint Declaration based on a consideration of the Hong Kong people's immediate interests, have played a great role in promoting stability in the Hong Kong community. Most Hong Kong people have had a stronger sense of identity toward the motherland and a greater confidence in Hong Kong's future. The recent phenomenon that some Hong Kong people who have emigrated abroad are returning to Hong Kong is an expression of their strengthened confidence. To be sure, the indifference among Hong Kong people to the "British Nationality Scheme" was due to many factors, but a more objective and sober thought on the future of the motherland and Hong Kong on the part of Hong Kong people was definitely one of the important contributing factors. The continuous, stable, and coordinated economic growth and further in-depth development of reform and opening up also have had positive influence on economic prosperity in Hong Kong. A few years ago, because of various reasons, Hong Kong's economy was faced with difficulties. Thanks to support from the mainland, however, Hong Kong has kept its economic vitality. The actual economic growth of Hong Kong was 2.3 percent in 1989; it rose to 2.6 percent in 1990; and further growth is expected for 1991. Last year, Hong

Kong's total volume of foreign trade increased by 12.5 percent. The constant growth in the trade between mainland China and Hong Kong has played a direct part in boosting Hong Kong's foreign trade. The success of the economic improvement and rectification operation in the mainland has also helped create a more favorable environment for investments from Hong Kong. Facts have fully proven that our party's efforts to build socialism with Chinese characteristics are the fundamental guarantee for perpetual political stability in China and serve as an extremely important factor ensuring a smooth transition and promoting prosperity and stability of Hong Kong.

Cooperation in the Field of Science and Technology Is Good for Hong Kong

At present, economic cooperation between mainland China and Hong Kong is being constantly strengthened. From the viewpoint of long-term development, a prosperous and stable Hong Kong will play a unique and irreplaceable role in the new setup regarding China's process of opening up to the outside world. The implementation of China's 10-Year Program and Eighth Five-Year Plan will in turn give a great impetus to Hong Kong's economic growth. Further development of economic cooperation between the mainland and Hong Kong in the coming decade is not only a need in our efforts to fulfill the second-stage strategic goal for modernization, but also a sure guarantee for the prosperity and stability of Hong Kong. Many experts and scholars have pointed out: as far as the mutually complementary economic relationship between the mainland and Hong Kong is concerned, in the 1980's, more emphasis was placed on the utilization of the mainland's favorable conditions in terms of labor force as a resource to develop Hong Kong's labor-intensive economy; now, in the 1990's, cooperation between the mainland and Hong Kong in the field of science and technology is becoming an important alternative for Hong Kong to further boost local economic growth. With a strong scientific and technological force, mainland China has attained the world's advanced level in quite a few frontiers of science and technology and has a great potential for the development of new products, which is not available in Hong Kong. Hong Kong's strong point is that it has an advanced information communications network, a sound marketing configuration, and superior financial facilities. What Hong Kong has is what the mainland lacks, and vice versa. A proper integration of the favorable conditions of both sides will produce great productive forces. By the way, the past practice that overseas Chinese and foreign investors established factories and launched projects to develop entire areas, with Chinese companies in Hong Kong as the coordinators, has been proven successful and deserves to be popularized.

China and the United Kingdom Cooperate To Effect a Smooth Transition

By and large, the principle of "one country, two systems" is a great idea and a basic state policy that was formulated

under the guidance of the principle of paying respects to both history and reality. We must steadfastly and fully implement this principle. Our guideline is to seek common grounds under the premise of "one country" and to tolerate the differences between the "two systems." The mainland and Hong Kong should respect each other politically, be on good terms with each other, and should not try to change each other's social systems. On this basis, the two sides should maintain closer ties between them, help each other, make up each other's deficiencies, promote fruitful cooperation, and strive for common prosperity and development. It can be expected that the process of implementation of the 10-Year Program and the Eighth Five-Year Plan is bound to see increasingly close cooperation between the mainland and Hong Kong in the economic and other fields. Cooperation between the mainland and Hong Kong based on mutual benefit surely will be upgraded to a new height.

3. The coming 10 years will be a crucial decade for China's economic and social development and for the great cause of reunification of the motherland. Much has yet to be done to safeguard the stability and prosperity of Hong Kong and to ensure a smooth handing over of sovereignty in 1997.

The full recovery and further development of friendly relations and cooperation between China and the United Kingdom is of great significance to the continued prosperity and stability of Hong Kong and the smooth transition in the territory in 1997. According to the Sino-British Joint Declaration, in the latter half of the transitional period in Hong Kong, the Chinese and British sides must cooperate more closely and consult each other on the formulation of all measures that are necessary to ensure a smooth transition in 1997. We have no intention of interfering in those purely administrative affairs of Hong Kong before 1997. Britain and China, however, should hold consultations in accordance with the Sino-British Joint Declaration in order to seek solutions to problems concerning the smooth reversion of sovereignty to mainland China as well as major issues going beyond 1997 which the Special Administrative Region will need to shoulder and be responsible for. Such a practice would not only conform with legal principles but would also be favorable for Hong Kong's stable transition and long-term development.

The Basic Law of the Hong Kong Special Administrative Region of the PRC has not only embodied the great idea of "one country, two systems," but definitely defined a series of principles and policies formulated by the Chinese Government on the solution to the Hong Kong issue. The Basic Law is the basic legal document that must be observed in all fields of social life in Hong Kong in the future. To make the Basic Law widely known to every household, all organizations and people in Hong Kong that love the motherland and Hong Kong are required to publicize this law more widely and further in depth among Hong Kong residents, thus preparing the Hong Kong people for the return of the territory to the motherland. At the same time, we must also publicize the Basic Law among the vast number of cadres and the

broad masses on the mainland, so that all local authorities and departments on the mainland will reach a common understanding and act properly according to the Basic Law when they are dealing with affairs concerning Hong Kong.

Enhancement of Understanding between Hong Kong and the Mainland

The next few years will be a crucial period for the return of Hong Kong to the motherland. We must encourage people from all circles to keep closer contact with the mainland, and to enhance mutual understanding between the two sides. At the same time, we should also encourage Hong Kong residents to take the initiative in showing concern for and taking part in all kinds of local social affairs, so as to make good preparations for the operation in 1997 of the system of "Hong Kong people governing Hong Kong," in which all social strata will take part on an equal footing, with personages loving the motherland and Hong Kong playing a leading role. On the other hand, we should also make political, ideological, legal, economic, and social preparations for the smooth handing over of sovereignty over Hong Kong and the smooth transition in 1997. In this way we will greet 1997, the great moment of historical significance that is to witness the return of Hong Kong to the motherland.

XINHUA Covers British Role

OW2803125591 Beijing XINHUA in English
1243 GMT 28 Mar 91

[Text] Beijing, March 28 (XINHUA)—Deputy Zhou Nan said here today that overall resumption and further development of Sino-British relations is of great importance to the maintenance of prosperity and stability of Hong Kong and also to a smooth transfer of power in 1997.

Speaking at a meeting of the Guangdong delegation to the National People's Congress (NPC), Zhou Nan, director of the Hong Kong branch of XINHUA News Agency, pointed out that in line with the Sino-British joint declaration, the Chinese and British sides should cooperate closely in the latter half of Hong Kong's transition period and examine various measures taken to guarantee the transition in 1997.

He stated, "We have no intention of intervening in the internal administration in Hong Kong before 1997."

But, he said, as for some major issues which concern the transfer of power and involve the obligations and responsibilities of the future Hong Kong special administrative region beyond the year of 1997, both Chinese and British sides should seek solution through consultation and joint examination.

He said, "This conforms to legal principles and is beneficial to the smooth transition and long-term development of Hong Kong."

Zhou said that the concept of "one country, two systems" is a basic state policy to solve Hong Kong and

Macao issues under the guideline of respecting history and reality and China will unswervingly carry it out.

He stressed, "Our principle is to seek the common ground of 'one country' while keeping the difference in 'two systems'."

Inland and Hong Kong should respect each other in politics, live in harmony and harbor no intention of changing each other's social system.

On that basis, Zhou Nan pointed out that inland and Hong Kong should strengthen their economic exchange and trade, learn from each other's strong points to offset one's weakness and engage in effective cooperation for mutual benefit and common prosperity and development.

He said that the basic law for Hong Kong special administrative region of the People's Republic of China shall be abided by various social sectors in Hong Kong in future and it should be widely publicized among the people in Hong Kong so that all Hong Kong citizens are mentally prepared for Hong Kong's return to the motherland.

Meanwhile, he said, the basic law should also be publicized among the people inland so that the various departments and regions can follow the stipulations of the basic law and correctly handle the affairs concerning Hong Kong.

Zhou Nan noted that the coming years are a very key period for Hong Kong's return to the motherland.

He said, contacts and exchanges between the people of various circles in Hong Kong and inland should be encouraged to enhance their mutual understanding, so as to make full preparations for a smooth transfer of power in 1997.

XINHUA 'Highlights' 10-Year Program Draft

Part One

OW0104033691 Beijing XINHUA in English
0310 GMT 1 Apr 91

["First of a series presenting the highlights of the draft outline of the 10-Year Program for National Economic and Social Development (1991-2000) expected to be adopted at the Fourth Session of the Seventh National People's Congress"—XINHUA editor's note]

[Text] Beijing, April 1 (XINHUA)

Main Targets

—GNP (Gross National Product): To quadruple 1980's GNP by 2000 to reach 3,110 billion yuan calculated by the 1990 prices, averaging an annual growth rate of about 6 percent;

—Total output value of industry and agriculture: To grow at an average annual rate of 6.1 percent;

—Total output of agriculture: To grow at an average annual rate of 3.5 percent, with grain output reaching 500 million tons and cotton 5.25 million tons by 2000;

—Total output of industry: To grow at an average annual rate of 6.8 percent, with the output of raw coal reaching 1.4 billion tons, electricity, 1100 billion kwh, steel, 80 million tons, ethylene, about 3 million tons, chemical fertilizer, 120 million tons, and transport volume by rails, about 1.9 billion tons.

—Machine-building and light industries: About 40 percent of major products to reach or approach relatively advanced international standards;

—Tertiary industry: To raise its proportion in the GNP from the current about one-fourth to about one-third;

—Population: To control the average annual natural growth rate at below 12.5 per thousand.

Part Two

OW0104033691 Beijing XINHUA in English
0310 GMT 1 Apr 91

["Second of a series presenting the highlights of the draft outline of the 10-Year Program for National Economic and Social Development (1991-2000) expected to be adopted at the Fourth Session of the Seventh National People's Congress"—XINHUA editor's note]

[Text] Beijing, April 1 (XINHUA)

Opening to the Outside World

—To persist in the basic state policy of opening to the outside world and further expand economic and technical exchange and cooperation with foreign countries;

—To continue the strategy of developing coastal areas by running better the existing special economic zones, consolidating and developing the existing economic and technological development zones, open cities and areas, and stepping up the development and opening of the new Pudong area in Shanghai;

—To select some inland cities and areas along the borders as windows opening to the outside world to promote the growth of foreign trade and economic and technological exchanges in these areas;

—To use more foreign investment more actively and effectively by constantly improving the investment environment and climate;

—To keep foreign debts at a rational level and optimize the structure.

—To continue to increase exports, keep imports at a reasonable level and actively import advanced technology.

Part Three

OW0104034691 Beijing XINHUA in English
0320 GMT 1 Apr 91

["Third of a series presenting the highlights of the draft outline of the Ten-Year Program for National Economic and Social Development (1991-2000) expected to be adopted at the Fourth Session of the Seventh National People's Congress"—XINHUA editor's note]

[Text] Beijing, April 1 (XINHUA)

Economic Reform

—The general goal: To establish a preliminary new economic structure and operating mechanism appropriate for the development of a socialist planned commodity economy that combines a planned economy with market regulation;

—To develop a new structure of ownership well suited to the current level of the productive forces by preserving the public ownership as the main form and appropriately developing other economic sectors;

—To separate the functions and responsibilities of administration from those of management and appropriately separate ownership of enterprises from their management so as to gradually make the management in overwhelming majority of the state enterprises socialist commodity producers as well as managers who are truly responsible for their own management decisions, profits and losses and who develop on their own with self-restraint;

—To enhance the construction of market system and organization, gradually set up and improve a unified market mechanism under the guidance and management of the state, and set up the price mechanism and system of price management with the state's management on the price of important commodities and labor services and market's regulation on ordinary commodities and labor services;

—To straighten out the distribution relationships between the state, the collective and the individual and between the central and local authorities, in order to form a rational pattern for the distribution and continue to use the income distribution system with "to each according to his work" as the main element, supplemented by other forms, and gradually improve the personal income distribution system;

—To establish and build on an economic regulating system which combines direct and indirect regulation and which is divided into two levels: That of the central authorities and that of the provinces, autonomous regions and municipalities directly under the central government.

Part Four

OW0104072091 Beijing XINHUA in English
0709 GMT 1 Apr 91

["Fourth of a series presenting the highlights of the draft outline of the 10-Year Program for National Economic and Social Development (1991-2000) expected to be adopted at the Fourth Session of the Seventh National People's Congress"—XINHUA editor's note]

[Text] Beijing, April 1 (XINHUA)

Science, Technology and Education

The general goal: To increase investment in science, technology and education, raise science and technology in some areas to the advanced international levels and wipe out illiteracy among adults.

- To tackle key problems in scientific research and production, focusing on production technology and modern equipment in all sectors of the economy;
- To speed up the application of advances in technology to production, especially those require less input but yield greater and quicker economic returns in order to promote technical innovation and equipment renewal in enterprises and facilitate the adjustment of product mix and raise technical level;
- To strive for new gains in such high-technology areas as bioengineering, electronic information, automation, new materials, new energy sources, aeronautics and space, oceanographic engineering, laser, superconductivity and communications;
- To improve the level of education of all types and at all levels, make primary education compulsory nationwide and junior secondary education universal in cities and towns and economically developed rural areas.

Part Five

OW0104083291 Beijing XINHUA in English
0820 GMT 1 Apr 91

["Fifth of a series presenting the highlights of the draft outline of the 10-Year Program for National Economic and Social Development (1991-2000) expected to be adopted at the Fourth Session of the Seventh National People's Congress"—XINHUA editor's note]

[Text] Beijing, April 1 (XINHUA)

People's Life

General goal: To enable most people to lead a comfortable life by 2000.

- To firmly carry out the basic national policy of family planning, especially in rural areas and among the floating population to keep the natural growth of the population at below 12.5 per thousand;

- To increase the production and supply of consumer goods and gradually adjust the consumption structure;
- To improve the living conditions of the urban and rural residents noticeably by stepping up housing reforms and construction;
- To develop cultural, public health, sports and other undertakings to enrich people's spiritual life.
- To improve the working conditions of the people.
- To continue to raise the living standards in a few areas where the goal of a comfortable life has already been achieved, raise the living standard to a comfortable level in most areas where the problem of food and clothing has been basically solved; and help a small number of poor areas out of poverty and onto the road to a comfortable life.

Part Six

OW0104083791 Beijing XINHUA in English
0823 GMT 1 Apr 91

["Sixth of a series presenting the highlights of the draft outline of the 10-Year Program for National Economic and Social Development (1991-2000) expected to be adopted at the Fourth Session of the Seventh National People's Congress"—XINHUA editor's note]

[Text] Beijing, April 1 (XINHUA)

Industrial Structure

- To concentrate resources on agriculture and such basic industries as energy, transport, telecommunications, important raw materials and the tertiary industry;
- To firmly carry out the principle of taking agriculture as the foundation of the national economy, giving priority to grain and cotton production while further developing forestry, animal husbandry and aquatic products, and provide guidance to and promote the development of village and township enterprises;
- To build, expand and rebuild a number of large and medium-sized power stations, coal mines, oilfields, trunk railways and highways, seaports, airports, trunk telecommunications lines and water conservancy projects as well as metallurgical and chemical projects;
- To reorganize, regroup and retool the existing processing industries such as machine-building, textiles and light industries, with emphasis put on the improvement of the mix and quality of products and the development of new products;
- To give prominence to the development of the electronics industry and create conditions for a rapid development and application of electronics by allocating more investment, organizing technological development, renewing equipment, adopting more favorable policies and strengthening management;

- To gear up the construction industry to the economic development and to the drive of improving the housing conditions of urban and rural residents and to make the industry an important pillar of the national economy.
- To give more attention to the tertiary industry so that it will develop faster than the primary and secondary industries.

Part Seven

OW0104085391 Beijing XINHUA in English
0826 GMT 1 Apr 91

["Seventh of a series presenting the highlights of the draft outline of the 10-Year Program for National Economic and Social Development (1991-2000) expected to be adopted at the Fourth Session of the Seventh National People's Congress"—XINHUA editor's note]

[Text] Beijing, April 1 (XINHUA)

Regional Development

—To rationalize the economic structure and the geographical distribution of the productive forces in line with the principles of overall planning, rational division of work, taking advantage of each other's strengths, coordinated growth, consideration of the interests of all concerned and common prosperity.

—To remove the barriers between regions and markets and establish an economic system with provinces, autonomous regions or municipalities under the direct administration of the central government as the foundation, supplemented by trans-provincial, trans-regional and trans-municipal cooperation, an economic system which will facilitate the display of each region's characteristics and regional cooperation and optimize the use and allocation of resources.

—To give full scope to the advantages of the richly-endowed interior regions while continuing the efforts to use the funds, technology and personnel in economically developed coastal regions to their best advantage.

—To encourage the economically developed regions to bring change to the developing areas, especially areas inhabited by minority nationalities, so that each and every area can make progress and achieve prosperity.

CPPCC

Formulation of Agriculture Law Proposed

OW2903115291 Beijing XINHUA in English
0751 GMT 29 Mar 91

[Text] Beijing, March 29 (XINHUA)—A proposal for drafting an agricultural law has been submitted to the National Committee of the Chinese People's Political Consultative Conference [CPPCC] now in session alongside the National People's Congress.

Agriculture is the basic industry concerning the social stability and economic prosperity of China, said the proposal signed by more than 70 CPPCC National Committee members headed by Liu Peizhi, Xiao Peng and Wang Yunhua. Stable development of agriculture is vital to the development of the entire national economy and serves as the fundamental guarantee for the implementation of China's Eighth Five-Year Plan and the 10-year development program. It needs the powerful backing and protection of law.

China has promulgated the laws on grassland, fishery, forest, water conservancy, organic law of villager's committees and the law on land management since the third plenary session of the 11th party Central Committee held at the end of 1978.

In addition, many provinces and departments have also issued their own relevant regulations.

The proposal said that China needs a comprehensive and systematic law governing the overall operations of agricultural production so as to build the confidence of the peasants and overcome short-term behavior on the part of governments at all levels and eliminate the conflicts between government policies and local regulations.

The proposal also gives an outline of the basic law on agriculture, including agricultural production system, farm product circulation system, agriculture input system and the system for the supply and production of farm use materials.

Members Raise 1,915 Proposals During 1990

OW3003044691 Beijing XINHUA in English
0121 GMT 30 Mar 91

[Text] Beijing, March 30 (XINHUA)—The Proposals Handling Committee of the Chinese People's Political Consultative Conference (CPPCC) received a total of 1,915 proposals in the past year, the committee chairman announced today.

These proposals, raised by 1,447 CPPCC National Committee members, covered China's economic, cultural and educational development, said Cheng Siyuan, chairman of the Proposals Handling Committee, in a report to the CPPCC annual session here this morning.

By March 12 this year, the committee had handled 1,905 proposals, accounting for 99.5 percent of the total number, Cheng said.

Officials from the State Commission for Restructuring Economy described some of the proposals relating to the restructuring of China's economy as "with insight" and "to the point."

Some of the proposals have been incorporated into relevant documents issued by the State Council.

Based on careful study of proposals relating to construction of seven key state projects in southwest China, the

State Planning Commission and the Ministry of Railways have listed all the seven projects in China's Eighth Five-Year Plan (1991-1995).

Officials from the Ministry of Agriculture said the proposals for promoting agricultural development by application of science and technology will be included in the Law on Popularization of Agricultural Techniques.

Cheng Siyuan said that the Proposals Handling Committee drew up "regulations on handling of proposals from the CPPCC National Committee" last year, defining the principles, functions and procedures for the handling of proposals and bringing work in this field to the right track.

The committee also held discussions with people who put forward proposals and from government departments involved in the matter and organized investigation tours, Cheng said.

However, the CPPCC lacks adequate supervision over handling of proposals, Cheng pointed out.

He urged the Proposals Handling Committee to play an active part in the national economic development and the implementation of the Five-Year Plan and the 10-year development program.

He also called on CPPCC members to raise more proposals on the basis of careful investigation.

Multiparty Cooperation, Consultation Viewed

*OW3003080591 Beijing XINHUA in English
0718 GMT 30 Mar 91*

[Text] Beijing, March 30 (XINHUA)—The system of multiparty cooperation and political consultation is suitable for the conditions in China and is conducive to the nation's effort for modernization.

This view is shared by many members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) in group discussions these days.

Ge Zhichen, an authority on education and vice-chairman of the central Committee of the China Democratic National Construction Association, after recalling his cooperation with the Chinese Communist Party (CPC) for more than half a century, said the fact that this system is made one of China's basic political systems shows the CPC is sincere in promoting democracy while persisting in its choice of socialism. Chen Minzhi of the China Democratic League said the democratic parties in China are deeply involved in state affairs with more ways and methods available for them to participate in political consultation.

Many CPPCC members said they felt encouraged as most of their opinions and suggestions put forward during political consultation, were absorbed into the 10-year program and the Eighth Five-Year Plan.

It was learned that the CPPCC members have submitted some 100 motions and suggestions on the reunification of the motherland, development of scientific and technological undertakings, economic construction and environmental protection.

Over the past year, 39 democratic party members and figures without party affiliation have been invited to be supervisors by the Supervision Ministry and the Supreme People's Procuratorate, and seven others appointed to leading government or judicial posts.

National Committee Holds 2d Meeting 30 March

*OW3103130691 Beijing XINHUA Domestic Service
in Chinese 0820 GMT 30 Mar 91*

[By reporters Zou Aiguo (6760 1947 0948) and Li Chunlin (2621 2504 2651)]

[Text] Beijing, 30 Mar (XINHUA)—Floor debate began today at the Fourth Session of the Seventh National Committee of the Chinese People's Political Consultative Conference [CPPCC]. Seven CPPCC members took to the rostrum, giving their views on such major issues as revitalizing the country through the development of science and technology, implementing the industrial policy, lifting control of grain and financial markets, and controlling population growth.

Today's meeting was the second held by the Fourth Session of the Seventh CPPCC National Committee. State Councillor Zou Jiahua and responsible persons of a number of ministries and commissions of the State Council present at the meeting to hear the CPPCC members' debates were warmly welcomed by applause. Hou Jingru, executive chairman of the session, announced that beginning today, the CPPCC National Committee will invite responsible comrades of the State Council and its ministries and commissions to attend the floor debate.

Cheng Siyuan, vice chairman of the CPPCC National Committee, took the floor first to give a report on the work of motions. He briefed the meeting on handling motions made by CPPCC members and outlined the tasks necessary for the further handling of the motions. He said: We must improve and step up the handling of motions made by CPPCC members and strive to make the motions contribute more to safeguarding and developing political stability and unity, pushing forward socialist modernization, and promoting peaceful reunification of the motherland.

After his report, Lu Jiaxi, chairman of the Chinese Peasants and Workers Democratic Party [CPWDP], spoke on behalf of the CPWDP Central Committee. He said that to realize the second-step strategic goal, we must pay more attention to raising the quality of our entire national economy and to its growth. He pointed out: To bring about a change in our economic development strategy and raise our economic efficiency, we must truly rely on scientific and technological progress and place the development of science and science

in a very important strategic position, and we must genuinely respect knowledge, talents, scientists, and engineers.

Lu Jiayi called for efforts to promote hi-tech research and the development of industries using advanced and new technologies and to develop basic research in a well-coordinated, sustained, and steady manner. At the same time, he called for placing education in a strategic position to develop it on a priority basis.

On behalf of the Central Committee of the China Democratic National Construction Association, Vice Chairman Wan Guoquan said that the association, a democratic party composed mainly of people in the economic circles, will launch activities to make suggestions and contribute to the "Quality, Variety, Efficiency Year."

He outlined the general requirement of the activities: In accordance with the arrangement of State Council on launching the "Quality, Variety, Efficiency Year" activities, the association will contribute in a concrete way to the efforts of the local area and the local industries and enterprises to carry out technological transformation, improve management and operations, raise product quality, increase product variety, reduce production cost, bolster production, practice economy, increase revenue, reduce expenditure, eliminate deficit, and increase profits. In addition, in launching the activities, it will pay attention to policy issues, promptly report any problems discovered, organize studies and discussions to make proposals on the issues, and more effectively bring into play its role of participation in the political process and of democratic supervision.

Lin Guimei, adviser to the China Children's Development Center, spoke on behalf of 12 other CPPCC members. She called for strengthening leadership and adopting comprehensive measures to control population growth. She pointed out: We must raise population awareness and sense of per capita [meaning that a large population will reduce the share of income and resources per capita] among leaders at all levels. We must make them fully aware of the grim situation of our population and the urgency to control its growth. She said: The population issue has two aspects. One is the control of the pace of population growth and the other is the improvement in the quality of population. It is a system engineering work involving the whole society. Only by making overall planning from a macroscopic and policy perspective and coordinating all sectors to cooperate closely with each other can we achieve our goal. All departments should take the initiative to draw up support measures to facilitate family planning work and bring along their subordinate units to take an active part in carrying out this task.

Yu Jianting, former vice minister of light industry; Xu Shaofu, chairman of the Liaoning Provincial CPPCC Committee; Wang Xingrang, former vice minister of commerce; and Huang Keli, chairman of the board of the Hong Kong Dazheng International Group Company, Ltd., gave their views and proposals on implementing

the industrial policy, lifting control of the grain market, invigorating large and medium-sized enterprises, and opening the financial market.

Other executive chairmen attending today's meeting were Pagbalha Geleg Namgyai, Wang Guangying, and Qian Weichang. Also attending the meeting were CPPCC Vice Chairmen Wang Renzhong, Hong Xuezhai, Gu Mu, Yang Jingren, Deng Zhaoxiang, Qu Wu, Ma Wenrui, Wang Enmao, Qian Xuesen, Hu Sheng, Sun Xiaocun, Qian Zhengying, Su Buqing, and Ismail Amat; and Acting General Secretary Song Demin.

Yu Jianting Urges Deepening Price Reform

OW3003181791 Beijing XINHUA in English
0837 GMT 30 Mar 91

[Text] Beijing, March 30 (XINHUA)—China should grasp favorable opportunities to deepen its reform on pricing and in other fields to streamline the industrial structure, according to a former vice-minister of light industry.

Addressing a plenary meeting of the ongoing annual session of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) here today, Yu Jianting, a specially invited member of the organization, said that China's pricing system has distorted the real value of many commodities. Prices of energy, transport and raw materials, for instance, are much too low.

Since the "double-track price system" was introduced in the 1980's, he said, the problem has been more acute, affecting economic development and creating difficulties for implementing the state industrial policies and readjusting industrial structure. Under the system, prices of certain goods are fixed by the state, while others decided by producers in accordance with the market demand.

Yu said that the aggregate supply and demand are now generally balanced. The index-linked deposit policy has alleviated the public fear about inflation. As the price indices rose slightly last year and commodities stock increased, the public is more psychologically prepared for changes in pricing. All these, he said, have created rare favorable conditions for price reform.

He suggested that bolder measures in price reform be adopted while ensuring a basic balance between demand and supply.

While carrying out the price reform, he continued, the government should push forward reform of the financial and monetary systems. He explained the reform should include instituting revenue-sharing system under the prerequisite of making clear the terms of reference of central and local authorities, strictly implementing the tax law and formulating or revising taxation policies in line with the state industrial policies, strengthening the function of the policy-related monetary sector in the arrangement of social funds, and further adopting differential interest rate to divert funds to the key industrial sectors.

He also suggested that the country establish a social security system. In the next five years, breakthroughs should be made in the pension insurance and unemployment insurance system, he said.

Five-Year Plan, 10-Year Program Discussed

OW3003181391 Beijing XINHUA in English
0911 GMT 30 Mar 91

[Text] Beijing, March 30 (XINHUA)—Members of the Chinese People's Political Consultative Conference (CPPCC) have been discussing the country's Eighth Five-Year Plan and the 10-year program, listing their feasibilities as well as difficulties to implement them.

Known as a "think tank" of the government, CPPCC boasts of many experts and scholars in different fields. About 2,000 members of the organization have been here attending the annual session of its national committee.

Many of them noted that "a relatively comfortable life" for 1.3 billion people by the end of this century is a great and arduous task because it covers not only food and clothing but also fairly developed medical, educational and social security services.

The economists among them described the 6-percent annual growth rate of GNP as "realistic and attainable." They said that China will make greater contributions to the world when it produces 500 million tons of grain, 1.4 billion tons of coal, 1,100 billion kwh of electricity and 80 million tons of iron and steel by the year of 2000.

Jin Xiying, chairman of the board of directors of the China Consultation Corporation for International Engineering, noted that the 10-year program and new five-year plan made a "strategic choice" by shifting the emphasis from seeking increase of output and output value to raising economic performance.

The two development plans give priority to the readjustment of industrial structure and change of industrial distribution in an effort to make China's industrial structure more rational and division of regional economies more coordinated.

To this end, China will build a number of infrastructural projects and basic industries, upgrade the traditional industries technologically and accelerate the pace of reform and opening to the outside world.

During their discussions, the CPPCC members also listed a number of key problems impeding China's long-term economic development. They include deteriorating financial situation and growing budget deficit, growing number of money-losing enterprises, sluggish market, and difficulties in export as a result of international trade protectionism.

Overlapping of government organizations, low efficiency and waste also added to the difficulties, they said.

The country's top policy-making bodies must face these problems, they said. While maintaining stability, decision makers must emancipate their minds. They also suggested that while continuing the economic reform, political restructuring be carried out step by step.

Socialist Spiritual Construction Stressed

OW3103060491 Beijing XINHUA Domestic Service
in Chinese 1033 GMT 29 Mar 91

[Text] Beijing, 29 Mar (XINHUA)—Members attending the Fourth Session of the Seventh National Committee of the Chinese People's Political Consultative Conference [CPPCC] continued to discuss Premier Li Peng's report in group or joint group discussions today. They suggested that we steadfastly follow the principle of simultaneously building the two civilizations and conscientiously strengthen socialist spiritual construction in order to achieve the magnificent goal set in the Outline [of the 10-Year Program and the Eighth Five-Year Plan for National Economic and Social Development].

The members completely agreed with the opinions proposed in Premier Li Peng's report: "The fundamental task of socialist spiritual construction is to train socialist citizens to show ideals and morality, to be well-educated, and to observe discipline, as well as to enhance the entire nation's moral quality and scientific knowledge." Jin Liqiang, vice chairman of Jiangxi CPPCC Committee, indicated: Education is the foundation of a project of vital and lasting importance. The concept and understanding of the need to develop education and enhance the whole nation's quality should be firmly built up in the ideology of all nationalities around the country. They should become the focus and starting point for leading cadres at various levels to do a good job in their work. The members maintained that moral construction is the soul of spiritual construction. We should conduct sustained and unremitting education on upholding the four cardinal principles, resist and oppose bourgeois liberalization, and make sure that the economic construction and the reform and open policy move in the correct direction.

The members suggested conducting in-depth and lasting education on patriotism, collectivism, and socialism, so as to mobilize and unite people of all nationalities with common ideals to join in the construction of the motherland and the great cause of revitalizing China. Member Guo Mingqiu hoped that the patriotism education among the large number of youngsters would be intensified and that the fine traditions and virtues of the Chinese nation would be propagated. The youngsters shall not feel inferior to, or blindly adore, some capitalist countries because of their developed economy. Member Zhao Xun of literary and art circles said: Yanan was poor before the liberation. However, everyone took pride in going to Yanan at that time. China was poor in the 1950's, but many renowned scientists and artists, imbued with the spiritual strength for the right and just and with noble moral concepts, resolutely returned to the country. In the past few years, the conditions of our

material life have been far better than ever, and many people's views of value, life, and morality have changed considerably. If this problem is not properly solved, it will be difficult to make a good job of spiritual construction. Members of literary and art circles said that they should improve and support themselves, train talented people, and work to provide better nourishment for the minds of the 1 billion people.

Members in the group of the Communist Youth League of China [CYL] and the All-China Youth Federation pointed out: The 500 million youngsters are the generation that will live beyond this century and are the hope and future of the motherland. It requires the common efforts of various sectors in society to train a new generation of socialism. Luosang, secretary of the CYL Central Committee, said: Environment influences youth, and the youth depend on guidance. We should unceasingly educate the youth in collectivism, patriotism, and socialism on long-term basis.

Member Guan Tao of the All-China Women's Federation said: Many ugly social phenomena, such as prostitution and drug use, emerged in these years while people's living standards were improved. Women are the ones who suffered the most from such phenomena. Shots of homicide and incest, which are often seen on TV and in films, have seriously affected the healthy growth of the youngsters. It is imperative to solve these problems. She said: Families are the cells of society. The construction of social civilization should begin with the building of family civilization. Therefore, one of the main tasks of the All-China Women's Federation at present, and in the future, is to promote a scientific, civilized, and healthy lifestyle and do a good job in the construction of family culture.

The members pointed out: It is crucial to the success of our cause that leading cadres of the party and state at various levels further carry forward the party's fine traditions and work style, play the role of public servants gingerly, and do things in a down-to-earth manner. Many members maintained that it is particularly necessary to display the spirit of Jiao Yulu at present. Chen Haozhu, vice chairman of the Chinese Peasants' and Workers' Democratic Party, said: After the movie "Jiao Yulu" was shown, the people said it would be nice if there were more Jiao Yulu-styled cadres. I am of the opinion that we should give more publicity to good cadres. The members stressed: People's Political Consultative conferences should work harder to improve the party's work style and common practices in society.

Members Air Views on Economic Development

OW0104031891 Beijing XINHUA in English
0257 GMT 1 Apr 91

[Text] Beijing, April 1 (XINHUA)—Nine members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) aired their views on questions concerning national economic and social development at a plenary meeting of the CPPCC current session here today.

Yang Zhongshu, member of the Standing Committee of the Central Committee of the China Democratic National Construction Association, called on correcting the distribution pattern of the national income and strengthening the function of macro-economic regulation of the central authorities.

He pointed out that the present way of distribution of China's national income is "very irrational." For instance, he said, the proportion of the state financial revenues to the national income and that of the revenues controlled by the central financial department to the total financial revenues have been going down annually while the portions going to the collective sector and individuals in the national income have been risen sharply, and the portions shared by the localities, departments and enterprises in the national income are severely unbalanced.

Therefore, he suggested properly raising the proportions of the state financial revenues and revenues controlled by the central authorities and setting up a mechanism to coordinate the interest shared by the central and local authorities. He also demanded that the income of individuals should grow adequately under the prerequisite of increased incomes of the state and collectives, and the distorted policies regarding the distribution of national income should be corrected.

Xiao Peng, former vice-minister of agriculture, dwelt on several fundamental questions for the development of agriculture. He considered that the main factors affecting agriculture now include: Insufficient input in agriculture, expansion of price scissors between manufacturing products and farm produce, irregular purchasing system of farm produce, blocked circulation channels and imperfect system for spreading agrotechniques and technical service.

He called for measures to change the random nature in deciding on the input in agriculture, readjust the prices of farm produce, ensure the staff and funds of agrotechnical service departments at the grassroots level and give continued support to the development of rural enterprises and sideline occupations.

Representing 59 CPPCC members, Chen Bingquan, vice-chairman of the All-China Federation of Trade Unions, made suggestions on invigorating big and medium-sized state enterprises.

To this end, he said, it is necessary to improve the external environment for enterprises first, clear the existing taxes and charges on them, regulate loan interest rates in time with changes on the market and in the economic environment, properly raise the depreciation rates of fixed assets and give key enterprises decision-making power in foreign trade.

At the same time, he went on, enterprises should improve their internal environment, firmly follow the thinking of relying on workers to run enterprises, earnestly implement the "enterprise law" and establish a

fair and rational interest distribution mechanism and self-restraining mechanism in enterprises.

Gong Dafei, former vice-minister of foreign affairs, dwelt on ethics and morality. He drew attention to degrading morals and called for measures to change this.

At today's meeting, Li Gang, former chairman of the China Automobile Corporation, spoke on the improvement of economic performance; Li Xiuren, chairman of the Shanxi provincial committee of the CPPCC, delivered a speech on the solution of debt chains; Hou Xianglin, vice-director of the Science and Technology Committee of the CPPCC National Committee, dwelt on brain drain; Tan Jiazhen, vice-chairman of the Central Committee of the China Democratic League, stressed on giving fuller play to the role of intellectuals; and Chen Yi, former secretary of the Shanghai municipal committee of the Communist Party of China, spoke on reform of Shanghai's housing system.

Hong Xuezhi, Deng Zhaoxiang and Qu Wu, vice-chairmen of the CPPCC National Committee, presided over today's meeting.

Hou Xianglin Calls for Brain Drain Solution

*OW0104090891 Beijing XINHUA in English
0710 GMT 1 Apr 91*

[Text] Beijing, April 1 (XINHUA)—The fundamental measure to stop brain drain is to create an environment which attracts talented persons and ensures their work, suggested a member of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) here today.

Speaking on behalf of a group of scientists and technologists at a plenary meeting of the ongoing Fourth Session of the Seventh CPPCC National Committee this morning, Hou Xianglin, vice-director of the Science and Technology Committee of the CPPCC National Committee and academician of the Chinese Academy of Sciences, said that the question of brain drain exists not only among students but also among middle-aged and backbone scientists and technicians. As a result, some research offices and groups severely lack backbone researchers and professionals, which in return affects not only the quality of the present research work but also the training and development of the research forces in the future.

He stressed that three questions cry for immediate solution in this regard.

First, it is necessary to really carry out the viewpoint of respecting knowledge and talented persons. Statistics provided by the Beijing Municipal Government show that the lifelong income of a university graduate is one-sixth less than a junior middle schooler who starts work earlier. Therefore, whether the phenomenon of the inverse ratio between schooling and income can be corrected is a touch stone for the implementation of the viewpoint of respecting knowledge and talented persons.

Second, it is necessary to really implement the policy of depending on scientific and technological progress. Financial allocations to scientific and technological undertakings should be increased and the downward trend of the proportion of investment in science and technology among the financial expenditures be reverted. Statistics show that during the 26-year period from 1961 to 1987, ten years witnessed a negative growth of financial expenditures on science and technology. From 1985 to 1988, the proportion of the expenditures on science and technology to the total state expenditures went down from 5.6 percent to 4.4 percent. Thus, the ratio of expenditures on technological transformation to capital construction and that on scientific research to other items should be readjusted and raised to ensure funds for scientific and technological progress.

Third, it is necessary to proceed from restructuring the economy, improving work system, strengthening ideological education and correcting the unhealthy trend to enhance the work efficiency of the whole society and reduce and even exempt irrational charges imposed on research institutes.

Hou Xianglin noted that China's brain drain is mainly attributed to the extended stay of those studying abroad. Since 1978, China has sent more than 90,000 people to study abroad. Only 40,000 have returned so far. The proportion of those extending stay abroad shows an upward trend, and the outstanding postgraduates and students with doctorate degree account for an even bigger ratio.

He pointed out some emergent measures should be adopted in research institutes and universities. They include: allocating sufficient funds to research projects and renewal of equipment for key research institutes with a large number of outstanding persons, solving the housing problem of outstanding persons, adopting a policy of free entry and exit with regard to outstanding scientists who are studying abroad or have returned.

Hou noted that China has attached great importance to science, technology and education in its 10-year development program and the Eighth Five-Year Plan, which reflects the concept that national prosperity depends on science and technology. In the future, this concept must be put into practice in real earnest, he added.

Hou Xianglin delivered the speech on behalf of the first group of the Science and Technology Committee of the CPPCC National Committee. The group consists of Academician Wang Daheng, vice-chairman of the China Association for Science and Technology; Academician Li Su, former vice-minister of chemical industry; Academician Shen Yuan, honorary president of the Beijing Aeronautics and Astronautics University; Pu Tongxiu, former vice-minister of education; and Academicians Luo Peilin and Chen Jiayong.

CPPCC 'Influential' in Decision-Making

OW0104111791 Beijing XINHUA in English
1055 GMT 1 Apr 91

[Text] Beijing, April 1 (XINHUA)—The National Committee of the Chinese People's Political Consultative Conference (CPPCC) has played its due role in supervising the work of the government and advising it on its decision-making, said Li Renjun, vice-chairman of the economic sub-committee of the CPPCC National Committee, here today.

He told a press conference this afternoon held by spokesman Lu Zhichao of the current session of the CPPCC National Committee that the draft outline of China's 10-year development program and the Eighth Five-Year Plan has reflected the views and suggestions raised by CPPCC National Committee members.

In addition, Mr. Li said, CPPCC members have done a great deal with regard to the work of revitalizing large and medium-sized state enterprises over the past two years when the problem became increasingly acute.

He said that his sub-committee often requested relevant government departments for briefings on the situation and problems in various industries, solicited opinions from people in close contacts with the CPPCC National Committee concerning economic development, and organized inspection tours and filed investigation reports.

Last year alone, Mr. Li said, his sub-committee submitted some 600 proposals on economic issues to the government and they have received full attention from the government.

Today's press conference drew some 100 journalists and reporters. Answering questions were also Bao Yishan, vice-chairman of the science and technology sub-committee of the CPPCC National Committee, Guo Ziheng, vice-chairman of the medical, public health and sports sub-committee, Zhan Wenshou, vice-chairman of the educational and cultural sub-committee, and Chai Zemin, vice-chairman of the foreign affairs sub-committee. The questions covered the development of China's high technology, population growth, China's efforts toward health for all by the year 2000, and Sino-Soviet and Sino-British relations.

Political & Social

He Xin Claims Anti-Li Peng Poem Western Plot

HK0104102091 Hong Kong TUNG FANG JIH PAO
in Chinese 1 Apr 91 p 22

["Special dispatch" from Beijing by TUNG FANG JIH PAO special correspondent Tseng Wei Chen (2582 0251 3791): "He Xin Regards Publication of Anti-Li Peng Poem in Party Newspaper as a Political Plot by the West"]

[Text] RENMIN RIBAO OVERSEAS EDITION carried a poem consisting of seven characters to a line, in which

a hidden meaning is found that spells out "Li Peng must be removed from power to assuage popular indignation." The poem has roused much talk in the group discussions of the Chinese People's Political Consultative Conference [CPPCC] session under way in Beijing and spread far and wide among the capital's populace. In an interview with this reporter, He Xin, assistant research fellow of the Chinese Academy of Social Sciences, stated that indignation was keenly felt in his group, and he personally believed the poem was a political plot.

He Xin, who has just been appointed a national CPPCC member, questioned why the Voice of America and British Broadcasting Company should have made such a rapid, synchronous reaction in grasping the poem within the poem on the very same day it was published. He said that he calculated, not without grounds, that it was U.S. psychological warfare. The CPPCC members in his group believed that it was just a little trick, and a trifling matter not to make a fuss about. Its effect would last only three minutes, without any grave consequences, while the situation of stability and unity would remain intact. Even the timing of such troublemaking was deliberately measured to match the convocation of the two conferences, but it ended up in a wild goose chase.

He Xin has been portrayed, in the Western media, as a CPC "running dog," supporter of China's neoconservatism and a right-hand man of the State Council spokesman Yuan Mu. He won a reputation on the strength of disputes derived from some false information he provided in covering his interview with a Japanese professor toward the end of 1990. Regarding the state of affairs in that incident, He Xin said: Such political defamation was out of their fear for him. According to He Xin, he was acquainted with Yuan Mu, but the two of them had never talked with each other; he knew the latter only because of their simultaneous presence at a discussion meeting. On the matter of his rapid escalation to an assistant research fellow, he said that it was not a consequence of his support of the official position regarding the "4 June" incident, but the direct result of assessments of academic committees at two levels, which had taken place prior to the "4 June" incident.

He Xin said that until now he has persisted, with no regrets, in supporting the Chinese Government's measures adopted in the 1989 "4 June" incident. He added: Otherwise, China's socialist system would have totally disintegrated; and China, as a sovereign and democratic country would have also disintegrated, while a social crisis would have converted to a national crisis, and China would have fallen apart. He cited the USSR and East Europe in comparison, saying that the East German people, who were the first to give up socialism, are once again out in the streets; and the USSR is facing social and national crises, and the crisis of the state's disintegration.

He Xin believed that two years have passed since the "4 June" incident, which has basically been resolved. As to

the social psychological shadow it has cast, it will eventually phase out with China's reinvigoration.

He Xin was firm in the belief that the Chinese will decide their own affairs and should not bind themselves with foreign concepts.

In conclusion, He Xin said he believes in the collective wisdom of the present-day leading group, who is capable of accepting the challenges of today and the future. He believed that a meticulous and steady principle is adopted in the "Eighth Five-Year Plan" and the "10-Year Program" as proposed by the State Council Premier Li Peng and is an expression of unanimity in policy.

Li Peng Participates in Shandong NPC Discussion

SK3103054791 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 29 Mar 91

[Text] The falling of spring snow added happiness to the people of Beijing. The bright sunny skies after the snowfall made this ancient but young capital more fascinating.

On the afternoon of 29 March, the Shandong hall in the Great Hall of the People was permeated with a warm current. All deputies of the Shandong delegation to the Fourth Session of the Seventh National People's Congress [NPC] gathered here to continuously discuss Premier Li Peng's report. At exactly 1500, amid a burst of warm applause, Premier Li Peng came to the hall with a smiling face to discuss major state affairs with the deputies.

On hearing that the Shandong delegation is composed of more than 170 deputies, Premier Li Peng said happily: Shandong has many people, so it has many deputies, too.

Li Zhen, head of the delegation and chairman of the provincial People's Congress Standing Committee, introduced the Shandong deputies to Premier Li Peng. The premier greeted and extended regards to all of them.

At 1510, after taking a seat, Premier Li Peng immediately opened his notebook. Jiang Chunyun, deputy head of the delegation and secretary of the provincial party committee, said to the deputies: Today, the premier is here. I hope that all of you will speak out freely and offer views actively.

Premier Li Peng waved his strong hand and said: Right. First, today I have come here to greet all of you and, second, I have come to talk with you and to hear your opinions.

As soon as the premier said this, deputies aired their views enthusiastically. Deputy Wang Shufang said: Shandong is a major cotton producing province. Doing a good job in cotton production has a vital bearing not only on the income of cotton growers but also on the development of the cotton textile industry, foreign export trade, and state revenue. If we have correct policies and technology to lead our way, Shandong's cotton output will reach 28 million to 30 million dan. Then, the whole country's cotton textile industry will have work to do, the local textile industrial enterprises of

Shandong will have cotton for operating, and peasants will be rich. In 1984, since the third plenum of the 11th party Central Committee, thanks to the state's preferential policies, Shandong's cotton output totalled over 34 million dan. However, after that, for various reasons, the enthusiasm of cotton growers was affected and the cotton output declined by a large margin. Although the party and government leaders at all levels exerted strenuous efforts to grasp this work, cotton production picked up very slowly. By 1990, the cotton output only reached 20.55 million dan, causing undue losses to the state and the people. To this end, Deputy Wang Shufang proposed that the state should continue implementing policies to encourage cotton production and should ensure the stability of the policies. The state should adopt measures to encourage and support cotton growers to reclaim wastelands for cotton cultivation. Relevant departments should build cotton production bases, use the fine-strain seed cultivation system and the seed reserve system, and give appropriate material support. In this way, Shandong will have high hopes for cotton production.

Deputy Li Diankui offered constructive views to Premier Li Peng on the development and opening up of Huang He delta. He said: Huang He delta is a golden triangular area. In addition to developing this area, we should also open it to the outside world. Therefore, he proposed that efforts be made to include the development of 6 million mu of wasteland suitable for farming in Huang He delta in the Eighth Five-Year Plan. Furthermore, he also proposed that efforts be made to open Huang He delta to the outside world as other coastal cities.

Deputies took the floor one after another. Premier Li Peng took down the major points of their speeches in his notebook, frequently interposing remarks, and asked them about appropriate situations. Upon hearing the philosophic views and characteristics of Deputy Sun Huaxing, a big and tall man who is quick to articulate his ideas, on promoting the sound development of township enterprises, Premier Li Peng said humorously: You really are like a Shandong clapper ballad performer. It seemed that he wanted him to give more proposals on this point. Sun Huaxing took this opportunity to open his chatterbox. He said: The superiorities of state enterprises are their advanced equipment, fairly high management level, and trained personnel. Township enterprises have the superiorities of labor intensity, rich resources, and flexible management. Regarding how to display the superiorities of both sectors, to promote the strong points and avoid shortcoming, and enable them to develop with coordinated efforts, I think that state enterprises, on the one hand, should gradually move towards the development of high-grade, precision, and advanced industrial products, and, on the other hand, should spread the production of medium and low-grade products and roughly-processed products to township enterprises or to cooperate with them in production. Township enterprises should rely on state enterprises and strive to increase product varieties, produce good quality but cheap products, and achieve high economic

efficiency. The two should be combined into one and be mutually coordinated in an effort to invigorate the economy and to contribute to realizing the second-step strategic objectives.

Premier Li Peng gave a speech in conclusion. He said: All of you have offered many good suggestions just now. My report is a summary of collective wisdom. Through your proposals, I will make some revisions and will realistically make this report become the common fighting objective of the people across the country during the next 10 years, particularly the next five years.

In his speech, Premier Li Peng fully affirmed Shandong Province's work achievements during the last few years and exchanged views with deputies on opening up, petroleum and cotton production, economic development rate, development of township enterprises, and ways to invigorate large and medium-sized enterprises. The entire hall was filled with an atmosphere of democracy and enthusiasm.

Deng Xiaoping Quits Smoking for Health, Power

HK0104104491 Hong Kong HONGKONG STANDARD in English 1 Apr 91 p 5

[By S.L. Law]

[Text] China's paramount leader Deng Xiaoping has quit a life-long habit—smoking—according to a local China-watching magazine.

In an article entitled "Deng Quits Smoking," published today, the NINETIES [CHIUSHI NIENTAI] said that the 86-year-old leader quit his long-time habit to secure another eight or 10 years of living a enable a fourth return to power.

The retired patriarch once attributed his longevity to his smoking habit. The Chinese leader said in 1980: "I have two vices—smoking too much and using a spittoon...people tell me I should stop smoking, but I don't do it."

For the sake of health and power, the leader has now decided to quit smoking, the magazine quoted the sources as saying.

Citing the recent appointment of Deng to chairmanship of the National People's Congress, the article said there were signs that the retired leader was contemplating a fourth rise in his political life.

During the Cultural Revolution (1966-1976), Mr Deng was persecuted twice—once by the late Chairman Mao Zedong followed by the "Gang of Four" led by Mao's wife, Jiang Qing.

Mr Deng rose to power for the third time shortly after the "Gang of Four" crashed in 1976.

He formally resigned as chairman of the party's Central Military Commission, his last official post, in April last year.

However, it is widely believed that he remains the most powerful voice in the country's policy formulation.

Quoting sources, the report said the abstention vote China cast during a voting by the United Nations' Security Council on using force to drive Iraq out of Kuwait was basically Mr Deng's idea.

The report said both Chinese Premier Li Peng and the party chief Jiang Zemin had earlier decided to cast a negative vote.

When the two consulted the retired paramount leader, an abstention was his response which the report said had saved China from committing a serious diplomatic mistake.

Mr Deng made his last public appearance last December when he cast his ballot in a vote for deputies to the Beijing Municipal People's Congress.

His last appearance brushed aside a year-long rumour that he had a critical health condition and his days were numbered.

The paramount leader was also said to have recently given some instructions to the top Chinese leaders on the country's internal and external policies.

On the crackdown on the pro-democracy movement in 1989, the retired leader was quoted as having said that there would be "no criticism and rehabilitation campaigns".

On internal policies, it was said that Mr Deng had told China's top leaders to publicise "the superiority of socialism" yet not doing it under the "socialist banner".

Mr Deng was also quoted as saying that "proletariat dictatorship" was to be achieved by deeds and not words.

On foreign relations, he was said to have instructed the leaders that China work hard to win support from Western powers but not show any signs of inferiority.

Editorial Criticizes Dalai Lama's Independence

HK3003074891 Hong Kong WEN WEI PO in Chinese 30 Mar 91 p 2

[Editorial: "The Dalai Lama Fares Worse and Worse in Scheming To Split China"]

[Text] Recently, the Dalai Lama is again busy shuttling among some Western countries, where he is disseminating views of "Tibetan independence" and attempting to split our country and nations, and is begging for foreign intervention in China's internal affairs as well as support for him to set up an independent country.

The Dalai Lama thought that he could take advantage of the current situation wherein quite a number of Western countries have recently supported Lithuanian independence. Therefore, he talked purely fictitious nonsense: "Tibet is separate from China no matter the geography, language, or even race." By so doing, he wants to drag

international forces into China's affairs and cut apart Tibet from the Chinese territory.

During his recent trip to Britain and Ireland, the Dalai Lama asserted that he was "fighting for the sovereignty and freedom of my own country," and that he was "drafting a constitution for the breaking of relations between Tibet and China" and "will take back the proposal suggesting that Tibet be given autonomous power over its own affairs, while its national defense and diplomacy are still under the central authorities' jurisdiction."

The Dalai Lama's statements and actions have undisguisedly given expression to his scheme of "Tibetan independence." In fact, in his book published last May, entitled *Autobiography of the Dalai*, the Dalai Lama already revealed his evil intentions. In this book, he went so far as to list Tibet, Xinjiang, Inner Mongolia, and Manchuria as countries. During this trip to Britain, he again expressed his intention to "let Tibet join the big family of Asian alliances" and "maintain good relations with" China.

Such barefaced views on splitting the country not only fly in the face of history, but are also impractical; therefore, they can find no support among the people of the world. The Chinese nation has a long history and a powerful unifying force. Over the past several thousand years, no one has ever succeeded in breaking up the Chinese nation. In the past, the attempt to set up a "Manchu State" ended in failure. Today, the Dalai Lama wants to take the same road, which will surely prove to be a dead end for him; therefore, he is bound to end in failure.

China is a unified multinational country, in which more than 50 fraternal nationalities intimately have gotten along with one another for a long time, including the Han, Man, Mongolian, Hui, and Tibetan. They live together and founded their own motherland. It is true that the Han nationality once occupied a dominant position in the country; the Mongolian and Man nationalities also used to administer the central government. In the Tang Dynasty, the Hans and Tibetans formed an alliance by "discussing national unification and signed the lasting Dahe alliance treaty." In the Yuan Dynasty, Tibet became one of China's administrative areas. The central authorities set up a council to administer Tibetan affairs under a system of imperial tutors. In Tibet, regional national autonomy was exercised, "the government was integrated with religion," and Tibetan religious leaders became officials of the then central government. The central authorities checked on household occupants, rectified taxes and rates, and stationed troops in Tibet.

The Ming Dynasty followed the systems established in the Yuan Dynasty. In the Qing Dynasty, the central government granted the titles of Dalai and Bainqen, and worked out specific stipulations on Tibet's personnel affairs, administration, finance, military, and foreign affairs. The Republic of China Government stipulated in

the Constitution that China was a unified country and Tibet was a component part of China. At that time, Tibet sent its representatives to take up their posts as legislators and national delegates. Following New China's founding, Tibet was liberated peacefully. The Dalai Lama also attended peace negotiations at that time, and contributed to unification.

The Dalai Lama used to call Beijing the central government, and intended to put Tibet's national defense and diplomacy under the central authorities' jurisdiction. In addition, he was also willing to hold talks with the central authorities; however, the Dalai Lama goes back on his word now by comparing the peaceful unification of Tibet to "the Iraqi invasion of Kuwait." This is a monstrous lie, which insults not only history, but also the unification cause he was once engaged in.

It is already an internationally recognized fact that Tibet is an inseparable part of China. The Dalai Lama has found little legal basis for "Tibetan independence" in begging some people in the Western world for aid. Many countries and people of insight have adopted a negative attitude toward "Tibetan independence." The British Foreign Ministry's spokesman Lear [lei yi 7191 0122] commented on the Dalai Lama's activities in Britain: "We deem it impractical for Tibet to become independent; therefore, the British Government does not encourage any attempts in this regard." Although the Dalai Lama is viewed by "some people as a leader in exile," "not a single government has ever recognized his political organization."

The next stop on the Dalai Lama's trip is the United States. If he continues to slander and vilify his own motherland and distort facts, there is no way he can achieve his goals. Much to the contrary, he will reveal his changeable personality of showing no respect to history or his past. The Dalai Lama fares worse and worse in scheming to split China, yet he can never change the fact that the Chinese nation is an unified whole.

The sea of bitterness has no bounds, repent and the shore is at hand. The Dalai Lama's attempts to split our country and nation are fruitless, and can never change the historical orbit in which the Tibetans and Hans are unified as one. A wise thing for the Dalai Lama to do now is to abandon his belief in "Tibet's independence," stop disseminating his views on splitting the country, and try to be a real Chinese by returning to the mainland. This is conducive not only to the Chinese nation's interests, but also to the cooperation between the Tibetans and Hans, which can benefit Tibet.

XINHUA Comments on Dalai Lama

OW3003121091 Beijing XINHUA in English
0740 GMT 30 Mar 91

["Origins of 14th Dalai Lama—Was Tibet a Fully Functioning State?"—XINHUA Headline]

[Text] Beijing, March 30 (XINHUA)—The Overseas Edition of the "People's Daily" carried an article today refuting the Dalai Lama's recent claim that "Tibet had been a fully functioning state."

On March 17, 1991, the British newspaper "THE OBSERVER" reported: "The Dalai Lama disputes the claim of the British Foreign Office that Tibet is autonomous. In his opinion... Tibet from 1911 to 1950 had been a fully functioning state."

The "People's Daily" article entitled "The Origin of the 14th Dalai Lama," goes on to say that when he made such claims the Dalai Lama perhaps forgot his origins: How did he, Lhamu Dondrub, a farmer's son from China's Qinghai Province, become the 14th Dalai Lama?

The article pointed out that according to Tibetan religious traditions, the "soul boy" reincarnate should be found after the death of a former Dalai Lama. Upon the death of the 13th Dalai Lama on December 17, 1933, three "soul boys" were found. One of which was Lhamu Dondrub—the 14th Dalai Lama.

In 1792, the central government of the Qing Dynasty (1644-1911), drafted a set of regulations concerning the selection of the "soul boy" in order to strengthen its administrative authority over Tibet.

The Qing government adopted a new reincarnation system which included the "drawing lots from a gold urn if more than one 'soul boys' were found." The system required that the names of "soul boys" selected should, in accordance with religious ceremonies, be written on slips of paper in Chinese, Manchu and Tibetan, and be sealed in a gold urn.

The Qing court commissioner to Tibet would then shake the urn to ensure the slips of paper were mixed, opened it and randomly draw a name-tag. The system required that the drawing be witnessed by representatives from both Tibetan religious and lay circles. The boy chosen became the "soul boy" reincarnate of the previous Dalai Lama. Once chosen, the "soul boy" was required to await ratification by the imperial court before becoming the Dalai Lama.

Since three "soul boys" were discovered in the search for the 14th Dalai Lama the "drawing lots from a gold urn" was required according to the newly established reincarnation system of the Qing government.

During the winter of 1938, Regent Razheng of the Tibet local government in a report to Wu Zhongxi, chairman of the commission for Mongolian and Tibetan affairs of the central government of the Republic of China (1911-1949), said that "in order to declare to all, win their trust and ensure that the people are joyous, the central government should dispatch officials to participate in the drawing lots ceremony when three 'soul boys' arrive in Lhasa."

In his report, Regent Razheng also asked that the central government should order the local government of

Qinghai Province ensure that the "soul boy" was escorted to Lhasa immediately.

Responding to the request, the central government sent a telegram to Ma Bufang, president of the Qinghai local government, ordering him to dispatch troops to escort the "soul boy" Lhamu Dondrub to Tibet. The central government also provided 100,000 yuan to cover the costs of the escorts.

Lhamu Dondrub and his escorts began the journey to Lhasa in July, 1939 and arrived in the city in October. The Tibet local government reported the arrival in a telegram to Generalissimo Chiang Kai-shek of the central government, saying that the "soul boy" had arrived smoothly and safely.

The telegram also expressed that all related ceremonies for the installation would continue to be carried out and the local government would submit reports on these ceremonies as they occurred.

On January 26, 1940, Regent Razheng wrote to Wu Zhongxin, saying that the "Tibetan people, including monks, laymen and officials, all believe that the 'soul boy' Lhamu Dondrub is the reincarnation of the 13th Dalai Lama, he can be installed the 14th Dalai Lama without drawing lots."

One day after receiving the letter Wu submitted it to the executive yuan of the KMT [Kuomintang] government. Generalissimo Chiang Kai-shek, president of the yuan, submitted documents to the government, asking for the ratification of Lhamu Dondrub as the 14th Dalai Lama without the drawing of lots, as well as documents requesting that funds be provided for the sitting-on-the-bed (inauguration) ceremony.

On February 3, 1940, Lin Shen, president of the then Central Government of China, signed and issued a decree stating that as the "soul boy" Lhamu Dondrub from Qinghai Province is the reincarnation of the 13th Dalai Lama, he is to be installed as the 14th Dalai Lama without the necessity of drawing lots.

On February 22, 1940, the official installation ceremony—sitting-on-the-bed ceremony—was held in the Potala Palace. According to historical convention and request the Tibet local government, the central government sent Wu Zhongxin, chairman of the commission for Mongolian and Tibetan affairs, to Tibet to preside over the official ceremony.

The "People's Daily" article said the Dalai Lama's claim that "Tibet was a fully functioning state from 1911 to 1950" is ridiculous, since the "soul boy" reincarnate of the Dalai Lama—Tibet's highest religious and political leader—had to be ratified by the Central Government of China.

Historical facts prove that China's central government has exercised sovereignty and administrative authority over Tibet since the Yuan Dynasty (1271-1368).

In fact, there are numerous facts which demonstrate that Tibet was under the administrative authority of the central government from 1911 to 1950.

For instance, the Tibet local government, just as the governments of other provinces in China, sent representatives to attend each national assembly of the KMT government—a parliamentary system as in some western countries.

Documents in the archives of the former commission for Mongolian and Tibetan affairs of the KMT central government reveal that the local government in Tibet and the central government exchanged numerous letters and telegrams related to Tibet sending representatives to the national assemblies in 1931, 1936, 1940 and 1946.

Historical archives also clearly show that the inauguration of Regent Razheng had to be first submitted to the central government for approval after the death of 13th Dalai Lama.

"The Dalai Lama perhaps did not know these historical facts when he was young," according to the article. "But, he can be clear about these facts if he consults historical materials."

In conclusion the article questioned: "How could the Dalai Lama so casually claim that Tibet was a fully functioning state from 1911 to 1950?"

Revolutionary Veteran Cheng Zihua Dies 30 March

OW0104085791 Beijing XINHUA in English
0827 GMT 1 Apr 91

[Text] Beijing, April 1 (XINHUA)—Cheng Zihua, Standing Committee member of the Central Advisory Commission of the Chinese Communist Party, died of illness on March 30 at 22:11 in Beijing at the age of 86.

He served as vice-chairman of the Fifth and Sixth National Committee of the Chinese People's Consultative Conference.

TV Series on Young Mao Zedong To Be Broadcast

OW3003032591 Beijing XINHUA Domestic Service
in Chinese 2101 GMT 29 Mar 91

[By correspondent Wei Xiuhua (7614 4423 5478)]

[Text] Shijiazhuang, 30 Mar (XINHUA)—A four-part television drama, "The Young Mao Zedong," jointly recorded and produced by the Central Television Station and Hebei Film Studio, will be broadcast by the Central Television Station from 1 April.

Dedicated to the 70th founding anniversary of the CPC, "The Young Mao Zedong" vividly portrays Mao Zedong's image from six to 16 years of age. It gives particular emphasis to Mao Zedong's antifeudalist spirit, thirst for knowledge, and sympathy for the laboring people.

East Region

Anhui Governor Fu Xishou on Supervision Work

OW2903213991 Hefei ANHUI RIBAO
in Chinese 16 Mar 91 p 1

[Text] It is necessary to pay full attention to strengthening earnestly the work of supervising administration, fighting corruption, and promoting honest government to create a favorable environment for economic and social development. This is the issue stressed by Governor Fu Xishou at the work conference on provincial supervision work held on the afternoon of 14 March.

The provincial supervision work conference was held in Hefei on 14 March; Vice Governor Shao Ming presided. Governor Fu Xishou spoke at the meeting. Huang Shuxun, director of the provincial supervision department, relayed the guidelines of the national supervision work conference and made a report on supervision work in the province. The report pointed out: This year, provincial supervising organs must stress completely grasping three tasks: First, while focusing our attention on improving economic order, rectifying the economic environment, developing the economy, and deepening reform, we must further strengthen supervision over law enforcement. During the year, supervising organs at all levels, in carrying out supervision over law enforcement, should direct their attention to the situation of funds to aid the poor, material allocation, fund distribution, and other problems prevailing in activities involving financial management, and to solving the conspicuous problems that interfere with and affect economic development. Second, it is necessary to concentrate our efforts on investigating and prosecuting major cases and to strictly investigate and deal with various issues of violating law and discipline, which affect political stability and hamper economic development, including corruption, bribery, seeking personal gain through the use of power, extravagant and wasteful style, malfeasance, and dereliction of duty, as well as issues about which the masses strongly complain. The focal points for investigation and prosecution still lie in existing problems with leading organs and cadres and law enforcement and supervision departments. Third, it is necessary vigorously to rectify unhealthy practices and promote the in-depth development of a clean, honest government. We must continue to strengthen building an honest and clean administrative system, further publicize operations and operation results, rely on the masses' supervision to promote administrative ethics, and conscientiously resolve the "burning issues" against which the masses vehemently voice complaints.

In his speech, Fu Xishou pointed out: In the past year, under the leadership of the provincial party committee and government, our provincial supervision work has implemented earnestly the guidelines of the Fourth, Fifth, and Sixth Plenary Sessions of the 13th CPC Central Committee. While focusing on the important policy of improving and rectifying the economy and

deepening reform, we have achieved some results in various aspects, including building a clean administration and supervising law enforcement, our struggle against corruption, investigating and dealing with relevant cases, straightening up unhealthy tendencies, carrying out clean government education, and strengthening the construction of the supervising organs themselves. This has played a significant role in safeguarding political stability and promoting economic development.

Fu Xishou pointed out emphatically: This is the first year of the Eighth Five-Year Plan; it is also a significant year for improving economic order, rectifying the economic environment, and developing the economy. Whether we can bring into full play the functions and role of the administrative supervision organs and further improve the work of building a clean government and fighting against corruption will have a direct bearing on the smooth implementation of the Eighth Five-Year Plan and the successful fulfillment of the various tasks in the current year in our efforts to improve and rectify our economy and deepen reform. The focal points in building a clean government this year lie in curbing unhealthy practices among trades and professions and in checking the "three wanton practices." It is necessary to take a firm grasp of key departments, key trades and professions, and key issues. It is especially important to pay attention to tackling well the unhealthy practices that exist in the law enforcement department, supervision department, financial management department, and public work units, all of which have direct contacts with the masses.

Fu Xishou said: Strengthening administrative supervision, carrying out in-depth struggles against corruption, and building a clean government are conducive to political stability and the healthy development of economic work. While concentrating their energy on economic construction, party committees and governments at all levels must attach great importance to the work of supervision over administration and fight against corruption. It is necessary to prevent and overcome the erroneous tendency of being "iron-handed on the one hand and soft-hearted on the other." We must adhere to the principle of "taking a firm grasp with both hands" and create favorable conditions to safeguard political stability and promote economic development. Party committees and governments at all levels must pay full attention to administrative supervision and practically strengthen leadership over supervision work. Leading comrades of governments at various levels must take charge of the work themselves. It is necessary to support supervision organs in exercising their powers independently according to the law. When supervision organs encounter difficulties and obstructions in supervising, investigating, and dealing with cases, the principal leading comrades of governments and departments at all levels must bolster and stimulate them.

At the meeting, entrusted by the Ministry of Supervision and the Ministry of Personnel, Fu Xishou and other

leading comrades gave certificates and medals to comrades who had won the title of advanced worker of the national supervision system.

Comrades Zhao Baoxing, Zheng Rui, and Meng Yiqi also attended the meeting.

A total of 295 persons attended, including city mayors; administrative commissioners from various prefectures and cities; responsible officials from various government departments; directors of supervision bureaus in various prefectures, city, and counties; responsible persons of universities; supervision offices of large enterprises in the province; and supervisors specially invited by the provincial supervision department.

Fujian To Improve Overseas Investment Climate

*HK2803030591 Beijing CHINA DAILY in English
28 Mar 91 p 1*

[By staff reporter Zhu Baoxia]

[Text] Fujian, one of the first coastal provinces to open to the outside world, is set to further improve its investment climate to attract overseas investors, a provincial official said yesterday.

The province's immediate efforts will focus on infrastructural development, including telecommunications, transportation and energy supply projects, to create an ideal environment for overseas entrepreneurs.

As part of the strategy, the province is considering building a new motorway, three seaports, three airports and three railways in the coming decade, according to You Dexin, deputy governor of Fujian.

The provincial government would also establish a "foreign investment service centre" to provide consultancy and help manage and evaluate foreign-funded projects, You told a press conference yesterday at the ongoing National People's Congress (NPC) and Chinese People's Political Consultative Conference (CPPCC).

For this year, You added, the province had already prepared 2,000 projects from which foreign investors could choose.

Besides, local regulations such as land taxes would also be amended in favour of outside investors, You said.

You said the conditions for investment in the province had been greatly improved over the past decade.

Fujian had completed 40,000 kilometres of highway, 7,100 kilometres of railway and 434 seaport berths that could link 60 harbours throughout the world.

And the province had recently increased freight volume by 2.1 million tons and electricity generating capacity by 1.4 million kilowatts, You said.

The province also had the advantage that labour, transportation and energy costs were cheaper.

You said foreign-funded enterprises in Fujian had created 8.4 billion yuan (\$1.6 billion) in industrial output value last year, accounting for 28 percent of the provincial total.

Exports from joint-venture and foreign-invested industries had brought in \$800 million for the province, 36 percent of its total.

Investment from Taiwan was expanding rapidly, You said, with 100 Taiwan investors increasing their funding to enterprises on the mainland by more than \$100 million last year.

Jiang Chunyun, Acting Fujian Governor Meet

*SK2903062191 Jinan DAZHONG RIBAO
in Chinese 8 Mar 91 p 1*

[By Reporters Gao Cunshan (7559 1317 1472), Sun Keqi (1327 0668 1142), and Wang Songhai (3769 2646 3189): "Jia Qinglin and His Entourage Comes to Shandong on Visit and Observation."]

[Text] Jia Qinglin, deputy secretary of the Fujian Provincial Party Committee and acting governor, and his entourage, a total of 13 persons, came to our province for a one-week visit and observation on 3 March. Jiang Chunyun, secretary of the provincial party committee, and Zhao Zhihao, deputy secretary of the provincial party committee, met with the guests after their arrival in Jinan. On 5 March, at a meeting chaired by Jiang Chunyun, secretary of the provincial party committee, Vice Governor Li Chunting introduced the overall situation of Shandong's work to the guests.

Over the past few years, Fujian Province has made big strides and exerted all of its energy to developing the export-oriented economy. Last year, the whole province's export trade volume reached \$2.18 billion. It has established a total of 3,700-odd joint, cooperative, and foreign-funded enterprises, and the contracts involved \$3.3 billion of foreign capital, of which only \$1.7 billion of foreign capital was actually used. Our province has good prospects and great potential for developing economic and technological cooperation with Fujian Province. In June last year, Governor Zhao Zhihao and Vice Governor Li Chunting led a delegation to Fujian to conduct study and observation, during which they signed an agreement with Fujian Province on "establishing long-term and stable economic cooperation relations between Shandong and Fujian Provinces" and drafted an "agreement on establishing friendly cities." After that, Jinan and Fuzhou, Qingdao and Xiamen, Weihai and Zhangzhou, Yantai and Quanzhou signed or are going to sign agreements on the establishment of friendly cities and have probed ways to exchange building materials, coal, and sea salt and other materials and to develop economic and technological cooperation between them. During Acting Governor Jia Qinglin and his entourage's time in Jinan, departments of the two provinces also decided through consultation some items of intent on economic and technological exchange and cooperation.

Comrade Jiang Chunyun expressed the hope that the guests from Fujian Province would have valuable advice for Shandong after their observation. Secretary Jiang said: Fujian Province has achieved noticeable achievements in economic construction, particularly in its opening up to the outside world, and has many good experiences worthy of emulation by Shandong. In the future, the two provinces should accelerate the pace of economic cooperation and should attain the goal of complementing each other in what they do best and going forward hand in hand to achieve common development.

During their stay in Shandong, Acting Governor Jia Qinglin and his entourage inspected Jinan, Qufu, and Taian Cities. In the past few days, Vice Governor Zhang Ruifeng accompanied them to visit and inspect Weifang, Yantai, Weihai, and Qingdao.

Comrade Xiang Nan, member of the Central Advisory commission, president of the China Fund for Helping Poor Areas and former secretary of the Fujian Provincial Party Committee, also joined the activities of the Fujian observation team after attending the national conference on supporting and developing the poor areas in Jinan.

JIEFANG RIBAO Article on Shanghai Opening

*OW2903191491 Shanghai JIEFANG RIBAO
in Chinese 22 Mar 91 pp 1, 2*

[Article by Huangfu Ping (4106 3940 1627): "The Consciousness of Expanding Opening Needs To Be Strengthened"]

[Text] Shanghai, at present, is standing at a new starting point of opening further. The question of strengthening the consciousness of expanding opening is confronting us in a more pressing manner than ever before.

In enhancing the consciousness of expanding opening, we need truly to recognize Shanghai's historical direction and strategic position in the 1990's. We may as well say that many people in Shanghai were surprised by and envious of the miracle of opening in Shenzhen, Xiamen, and other places in the preceding decade. In the 1990's, however, Shanghai, like the four other special economic zones, is already standing at the vanguard of China's opening. The 350-square km Pudong New Zone is advancing toward the world at a pace only characteristic of the largest economic development zone in China. A new opening structure completed with supporting facilities has taken shape in Shanghai where opening in the four realms—namely, the bonded area, economic development zone, coastal open city, and open region—has converged. Comrade Deng Xiaoping has placed high expectations on Shanghai's opening in the 1990's. Shanghai must hold still higher the banner of reform and opening, and the development of Pudong must be faster, better, and bolder. This is the heavy responsibility placed by history upon Shanghai in the 1990's. Without such a consciousness, we will not have the courage and vision for opening and taking risks and daring to be the

first in doing things. We will not be able to face challenges, grasp opportunities, and take giant strides in the march toward the world in an enterprising, pioneering, and competitive spirit.

In strengthening the consciousness of expanding opening, we need to emancipate further our minds and jettison any kind of conservative, ossified, and closed concepts, to form an open soft environment commensurate with an advanced international city. Although Shanghai scored fairly good results in opening in the 1980's, its pace was slow and not bold enough. This is directly related to some of our comrades who have not sufficiently emancipated their minds. From the "storm" triggered by the lighted foreign commercial advertisement atop the building of the International Hotel in the early stage of opening to the "complaint" caused by the group lease of land to foreign businessmen in the Hongqiao Development Zone in the late 1980's, and from the repeated reversal of the practice of "using the same stamp in dealing with foreigners" in recent years to shortsightedness in inducing foreign capital among some comrades today, all of these explain that we need a new ideological emancipation on the question of opening. To take a big step forward in opening up during the 1990's, Shanghai must adopt a series of brand new ideas, have the courage to take risks, and do pioneering work. This is a grim test of our ideas of opening up. For instance, we will miss a good opportunity if we continue to wonder whether to "adopt socialist or capitalist practices" when dealing with so-called attempts at creating a "socialist Hong Kong," such as the development of Pudong, the establishment of a bonded zone, the practice of free exports and imports, and the exemption of export duties—special policies that are typically adopted by a free port. Moreover, we will not be able to advance or accomplish great tasks if we puzzle over whether to "opt for a new Shanghai or maintain the old one" when dealing with such pioneering efforts as permitting foreigners to establish banks in Pudong and building a financial street in Waitan, in an attempt to revive Shanghai's status as an international financial center.

Here, we need to confront reality and dispel some doubts and misunderstandings.

"Will opening up like this hurt national industries?" This type of anxiety is understandable in Shanghai, where state-run enterprises are concentrated. We should heed the phenomenon of importing indiscriminately and repeatedly. However, the practice of opening up in more than a decade attests to the counterproductive nature of adopting closed-door measures to protect national industries. Only by opening up boldly, bringing in foreign capital and technology, adopting advanced management expertise, undergoing the trials of international markets, greatly enhancing competitiveness, substantially raising management levels, and significantly improving the quality of enterprises can we reshape and rejuvenate national industries and truly protect such industries in the course of opening up. Why have the newly established audio equipment industry in Xiamen, the bicycle industry in Shenzhen, and the wool spinning

industry in Inner Mongolia rapidly caught up with, or even overtaken, their long-dominating counterparts in Shanghai? Why is it possible for Shanghai's automobile industry to end its history of having to sweat, swing a sledgehammer, and otherwise bang around and manage to catch up rapidly with world levels in only a few years? The answer rests in opening up and taking the lead to import and absorb. It should be noted that some comrades exclude Sino-foreign joint ventures and cooperative enterprises from our national economy, set them against national industries, and view all their products as "foreign goods." This, in effect, is the manifestation of a limited understanding of national industries. As our country opens itself to the outside world, its economic structure is switching to an export orientation. The concept of national industries has long gained currency. Foreign-funded enterprises have become a component of our country's national economy, and the law specifically defines their status as legal persons in the PRC. Hence, we should not set foreign-funded enterprises against national industries, much less boycott their products as "foreign goods." This is a way to renew concepts and emancipate the mind, as well as an "intangible effort" to create a good investment climate. In short, seclusion leads to backwardness, and opening up gives rise to prosperity. This is the basic conclusion reached after more than 40 years of economic development in our country.

"If we continue to open to the outside world like this, we will let foreigners pocket our money, will we not?" This is the worry of some seemingly "smart" comrades. It is true that foreign businessmen want to make money when they come to invest in Shanghai and do business with us. However, the open policy is bidirectional, and encouraging foreign businessmen to invest in Shanghai will also benefit us because foreign capital can make up our capital shortage and give us the foreign exchange we need to strengthen the weak economic sectors, finance technical renovation projects, replace equipment, and bring in advanced managerial expertise. In short, foreign investment can increase our national strength. This being the case, we must have foresight and well drawn-up plans when we bring in foreign capital. To ensure long-range interests, we must let investors make money even if it means we make less money, or no money at all, for some time. Did we say we have to create a good environment for investment? Well, if we are reluctant to let the investors make some actual profits, how can there be an "appealing power" to speak of? How can we say anything about encouraging investors to establish their businesses here? As far as this issue is concerned, we cannot afford to be shortsighted or continue to worry about losing small amounts of money for a short while. Those who keep worrying about losing small amounts of profits for the time being are actually not "smart" at all—even though they may look smart this way—because they will bypass big and long-term profits. Now we want to speed up the open policy and expect to have a few "big babies made of gold" while encouraging outside investment, but how can we achieve this if we do not have foresight and fail to act like real strategists?

"If we continue to open to the outside world like this, won't Shanghai become a 'paradise of adventurers' again as it once was?" It is true that when we open Shanghai wider to the outside world, more foreign businessmen will come to Shanghai to do business. When we want more foreign capital, some foreign capitalists will become bosses of foreign-funded enterprises. When we let foreigners set up banks and commercial enterprises, many "foreigners" will move into offices in tall buildings ... and so some people worry that the new Shanghai may "resemble" the old Shanghai. Such an observation without regard to what will actually occur is superficial and incorrect. The key issue is our people are in control of the political power, and because an open Shanghai definitely will not be the same as the old Shanghai, how will there be foreign concessions? How will foreign powers act violently and their gunboats run wild? How will there be consular jurisdiction and extraterritoriality and similar phenomenon? Foreigners must do their business and invest on the basis of equality and mutual benefits in accordance with Chinese laws. Because foreign businessmen are coming to Shanghai at our proposal and are essential for a socialist international cosmopolitanism, and the development is totally in the fundamental interests of the Chinese people, why should there be anything of which to be afraid? We should, however, remain sober-minded in approaching certain capitalist managerial and life styles that come together with foreign businessmen and investment. The process of bringing in foreign investment is in itself a process of distinguishing good from bad, and of selecting the essential and discarding the dross. While we want to learn foreign countries' advanced management, we must reject firmly the corrupt and decadent bourgeois ideology. While we will not interfere with the foreigners' life styles which are within the bounds of Chinese laws, we must firmly forbid things that are incompatible with our national situation and that may corrupt our society, such as lotteries, bar girls, casinos, and similar phenomena. When we open wider to the outside world, we must intensify our socialist spiritual construction so that our entire society will be more immune to disease and our cadres and people really can stand the test of the opening endeavor. This being the case, the worry that opening Shanghai wider to the outside world will turn the new Shanghai into a "paradise of adventurers" is also not necessary.

Opening wider to the outside world, in the final analysis, is part of the efforts to deepen reform. Any reform will be an open project, and any open project is bound to trigger internal changes and mental emancipation. Thus, the consciousness of opening to the outside world and the consciousness of launching reforms are closely related and cannot be separated, and we must open wider to the outside world with the spirit of carrying out reforms. In fact, the measures we have taken to open Shanghai wider to the outside world are part of our reform. Our approval for the establishment of foreign banks in Shanghai, for example, constitutes a more profound reform of the banking system and a breakthrough in setting up an internationalized banking system in Shanghai. It is also part of our efforts to commercialize living quarters and

create a sound market of real estate by permitting foreigners to operate real estate business. Certain measures for opening Shanghai to the outside world will give impetus to structural reform at a deeper level. For example, to bring in sizable amounts of foreign capital, we must begin with restructuring management and make great efforts to improve the soft environment for investment by rectifying the situation where laws are inadequate and not strictly enforced, efficiency of some government organs is low, and departments tend to blame each other. Moreover, to expand foreign trade, we must continue to restructure the foreign trade system, promote independent operation, and install a new foreign trade system under which traders will be responsible for their own profits and losses, industrial production and trade are integrated, and concerted steps will be taken to handle foreign trade. Furthermore, to upgrade state enterprises with foreign capital, the state enterprises certainly must change their management and operation. On the other hand, when we make bigger steps in opening to the outside world, the many new ideas and concepts that will come along certainly will have profound effects upon emancipating and renewing the mental state of people in all sectors, and will reshape further the public mentality. Apparently, whether we have a strong consciousness of opening to the outside world under the new situation of the 1990's will become an important test for our desire to deepen reform. Heightening the consciousness of openness is essentially a process of reeducating the people and further deepening their reform consciousness.

Shouldering the heavy responsibilities of "revitalizing Shanghai, developing Pudong, serving the whole country, and facing the whole world," people of Shanghai of this generation will write the most brilliant chapter of the development of Shanghai with a strong consciousness of opening Shanghai to the outside world!

Li Zemin Discusses Invigoration of Enterprises

OW3003142591 Hangzhou ZHEJIANG RIBAO
in Chinese 18 Mar 91 p 1

[Text] While holding an informal discussion with party secretaries and plant managers of some large and medium-sized backbone enterprises attending the work meeting of the provincial enterprise working committee yesterday afternoon, Li Zemin, secretary of the provincial party committee, pointed out: In order to do a good job in enlivening large and medium-sized backbone enterprises, we should bring the political advantage of the party into play. In guiding ideology, we should depend on workers and masses with all our hearts and minds, and truly bring into play their role as masters.

Li Zemin said: Doing a good job in enlivening enterprises, particularly large and medium-sized ones, is currently the most urgent task in economic work. It is also one of the tasks which the provincial party committee and government intend to do particularly well this year. To do a good job in enlivening large and medium-sized

enterprises, on the one hand, we should create a good external environment. Macroscopically, governments at all levels should investigate, study, and draw up the policy for the enlivenment of enterprises. Responsible departments and economic and law enforcement departments should alter their style and raise work efficiency. They should steadfastly correct excessive, indiscriminate investigation, comparison, checks and acceptance, apportionment of expenses, and collection of fees and fines to truly reduce the burden of enterprises. On the other hand, we should continue to deepen reform within enterprises to gradually make enterprises responsible for their own management, profits and losses, accumulation, and development so that they can truly exercise decision-making power. In the past few years, the direction of reform in the distribution system within enterprises, designed to reward the industrious and penalize the lazy and to break the system of "everyone eating from the same big pot" has been correct. Of course, there should be differences in distribution, but the differences should not be too great. We should rely on improved management, technological progress, and the restructuring of the industry and product mix to strengthen the vitality within enterprises and enhance their capacity to make sustained growth. Governments at all levels should earnestly study enterprises that incur losses and classify and solve their problems one by one. Enterprises should not wait for their problems to be solved, and the key to solving their problems lies in the vitality within them. In our guiding ideology, we should wholeheartedly rely on workers and truly bring into play their role as masters.

Li Zemin pointed out: To do a good job in enlivening large and medium-sized backbone enterprises, we should earnestly bring into play the political core role of the party organizations in the enterprises, define the political leadership exercised by the party organizations, and guarantee the socialist orientation of the enterprises. Plant directors should possess a sense of party, sense of organization, sense of the masses, and sense of law and discipline. Party committees should understand the difficulties encountered by plant directors. They should support plant directors and give them a free hand to carry out their duties in accordance with the law, particularly in production and operations, technology development, and enterprise management. They should not take over plant directors' overall duties. They should strengthen the building of the enterprises' grass-roots party organizations, attach importance to recruiting party members at the production front, and ensure that the number of party members is relatively stable. The activities launched by grass-roots party branches to make each party member responsible for a certain area are an effective measure to bring the function of party organizations into play. We should put in a lot of efforts to build up the ideology and workstyle of the leading body of the enterprise, impose strict demands on its members, and strengthen education and supervision within the party.

Li Zemin concluded: The undergoing education in the current situation and task of enterprises should be closely integrated with the study, propaganda, and implementation

of the guidelines of the Seventh Plenary Session of the 13th CPC Central Committee, with the "Quality, Variety, and Efficiency Year" activities, and with the drive to enliven large and medium-sized backbone enterprises. We must not only strengthen leadership, but also attach greater importance to practical results. Through education in the current situation and tasks, we should make enterprises clearly understand the direction and objective of development and arouse the enthusiasm of cadres and workers. In short, once we tackle the work of party building and the ideological and political work in enterprises and fully arouse the workers' enthusiasm, large and medium-sized backbone enterprises will have an internal motive force to enliven themselves.

Wang Qichao, standing committee member of the provincial party committee and head of the organization department; and Li Jinming, secretary general of the provincial party committee, attended the discussion.

North Region

Hebei Leaders Attend Meeting of Advanced Cadres

SK0104024391 Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 30 Mar 91

[Text] More than 140,000 Army cadres who have transferred to civilian jobs have worked diligently and progressed continuously in their own posts on all fronts of our province. They have become backbone personnel in building the organs of political power, in economic construction, in the national defense reserve forces, and in the ideological work of our province.

On the morning of 30 March, the provincial party committee, government, and military district held a meeting to commend 100 advanced Army cadres who transferred to civilian jobs, and called on the vast number of Army cadres who have transferred to civilian jobs to have the courage to go to the grass-roots levels, work on the forefront of production, and make still greater contributions to Hebei's political and economic development and prosperity.

Li Bingliang, deputy secretary of the provincial party committee, spoke at the meeting. He urged that party committees, governments, and organization and personnel departments at all levels should follow the mandatory plans to make rational and scientific arrangements for Army cadres transferring to civilian jobs in line with the method of using cadres through assignments or recommendations and through examinations or evaluation to fully develop their role. Meanwhile, problems concerning the work assignments, schooling, and housing distribution of the dependents of cadres who are to be transferred should be properly solved so that the Army cadres transferred to civilian jobs can accomplish the major turning in their journal of life.

Ye Liansong, executive vice governor of the province, presided over the commendation meeting. Zhang Hanfu, vice minister of personnel, and Han Shiqian, commander of the provincial military district, also gave speeches at the meeting. Attending were provincial

leading comrades, including Xing Chongzhi, Yang Zejiang, Chen Yujie, Bai Shi, and Wang Zuwu, and responsible comrades of the General Political Department and the Beijing Military Region.

Hebei Secretary Meets U.S. Agricultural Expert

SK0104044891 Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 30 Mar 91

[Text] Xing Chongzhi, secretary of the provincial party committee, cordially met with Mr (Geng Xu), an American of Chinese origin, at the reception room of the provincial foreign affairs office on the evening of 30 March. Mr (Geng Xu), a doctor of agriculture, is currently deputy dean of the school of agriculture of the University of California in the United States. He is a native of Qinghe County of our province.

On 27 March, provincial Vice Governor Ye Liansong officially invited Mr (Geng Xu) to serve as an agricultural and economic adviser to our province on behalf of the provincial government.

During the meeting, Comrade Xing Chongzhi talked to the guest about the agricultural and economic situation of our province and thanked him for his contributions to the agricultural development of his homeland. Xing Chongzhi said: Hebei is a large agricultural province with better natural conditions than other provinces. However, its farming methods and crop varieties lag behind. We will render great support for Mr (Geng) to carry out some [words indistinct] in the rural areas of Hebei.

After the meeting, Comrade Xing Chongzhi hosted a dinner party in honor of the guest. (Rui Yizhang), deputy director of the provincial agricultural department, was present at the meeting.

Comprehensive Wholesale Market Opens in Tianjin

OW2903180591 Beijing XINHUA in English 1516 GMT 29 Mar 91

[Text] Tianjin, March 29 (XINHUA)—A comprehensive wholesale market was officially opened yesterday in the Tianjin Economic and Technological Development Zone.

The wholesale market, the first of its kind in Tianjin, is a new attempt by the city to improve its investment environment. Any legally registered enterprise or institution is permitted to operate wholesale business in the market.

Businesses in the market will enjoy a 50 percent decrease in management fees.

The market will mainly offer products produced in the development zone, and will regulate any surplus or shortage of materials available to enterprises in the zone.

Foreign-funded enterprises are also allowed to operate in the market and will be treated equally with state-run enterprises.

Premier Hau Urges U.S. Understanding, Support
*OW2903184791 Taipei CNA in English 1558 GMT
29 Mar 91*

[Text] Taipei, March 29 (CNA)—Premier Hau Pei-tsun Friday urged Americans to be understanding and supportive of the Republic of China as the country enters a critical year in its democratic development.

"This year is the most critical year in our democratic development process for we will soon begin constitutional reforms," Hau told U.S. Rep. Charles B. Rangel (N.Y.-D) and former Rep. Lester Wolff.

Since the lifting of the emergency decree in mid-1987, the Republic of China has experienced many significant political, economic and social changes, he said, "but our commitment to democracy has never wavered."

In spite of the lack of diplomatic relations between Taipei and Washington, the two countries share similar national spirits and goals, Hau told his American guests.

He added, however, "we have encountered some very unique problems during the process of development so we hope our American friends will be understanding and supportive."

Rangel is a respected congressman who has been re-elected eight times since he first entered the House of Representatives in 1971. Wolff is a former chairman of the House Foreign Affairs Subcommittee on Asian and Pacific Affairs.

Hau asked the two American visitors to help further strengthen friendship and understanding between the two countries.

Qian Qichen Denies 'Living Space' for Diplomacy
*OW3003085791 Taipei LIEN HO PAO
in Chinese 26 Mar 91 P 3*

["Dispatch" sent by LIEN HO PAO's news coverage group from Beijing on 25 March]

[Text] During an interview with a LIEN HO PAO reporter in the Great Hall of the People on the morning of 25 March, Communist Chinese Foreign Minister Chien Chi-chen [Qian Qichen] pointed out: Communist China maintains that Taiwan does not need more spacious living space for its diplomacy and foreign relations at all, after relations between the two sides of the Taiwan Strait have been eased. Taiwan is already enjoying very good and very spacious foreign economic relations, and that is enough.

Regarding the questions of whether Communist China will continue to hinder Taiwan from promoting its "realistic diplomacy" to establish relations with other countries, and will continue to oppose participation by Taiwan in GATT and other international organizations, Chien Chi-chen adopted a serious attitude and declined to reply.

Official Criticizes Li Peng, Qian Qichen Remarks
*OW3003082491 Taipei Domestic Service
in Mandarin 2300 GMT 28 Mar 91*

[Text] The Period of Mobilization Against Communist Rebellion is going to be terminated in May this year. It is an initial step toward the normalization of ties between the two sides of the Taiwan Strait, rather than the end the anticommunist campaign. It does not signify a change in the current state of affairs; it is the beginning of a normal constitutional government.

However, under such conditions, Chien Chi-chen [Qian Qichen], foreign minister of Communist China, still openly denied that the Republic of China [ROC] is an independent and sovereign country. A policy-making official of the Executive Yuan criticized Chien Chi-chen yesterday, saying that he should not make such quick and thoughtless remarks, for this does not show goodwill toward the mutual reciprocity between the two sides, and exceedingly hostile words will hinder the development of the ROC's mainland policies. Moreover, the timetable for establishing links for the three exchanges [of mail, trade, and air and shipping services], much anticipated by the CPC, will be forced to be postponed.

The Mainland Commission under the Executive Yuan has been studying the report of Li Peng, premier of Communist China, to the National People's Congress on work on Taiwan in the past few days, and held that the entire speech lacked sincerity and contained no new ingredients. It is a particularly hostile attitude shown intentionally to Taiwan by the CPC, as Li Peng removed the wording about reducing hostility between the two sides of the Taiwan Strait at the time of delivering the report.

The policy-making official said that there was no sincerity or goodwill in Li Peng's speech. On the heels of Li Peng, Chien Chi-chen openly denied that the ROC is an independent and sovereign country. The unfriendly remarks, which come one after another, are enough to show people that the CPC's consistent and unchanged attitude is to attenuate the ROC's space for survival. Those who trust the CPC should be on guard.

Government Defends Diplomacy, GATT Eligibility
*OW2903224991 Taipei Domestic Service
in Mandarin 2300 GMT 27 Mar 91*

[Text] At a news conference held in the Great Hall of the People in Peking yesterday, Qian Qichen, minister of foreign affairs of Communist China, said that Taiwan's effort to gain living space in the international community as a political entity will only lead to the division of the two sides of the Taiwan Strait. He also stressed that because Taiwan is not an independent country, it is not eligible to join GATT. Only with China's approval can Taiwan join GATT as a region.

In response to Qian Qichen's remark that Taiwan's efforts to gain living space in the international community as a political entity will only lead to the division of the two sides

of the Taiwan Strait and is not conducive to the reunification of the motherland, Frederick Chien, minister of foreign affairs of the Republic of China [ROC], said: We need not pay any attention at all to Communist China's unreasonable reaction. Substantive diplomacy is essential to achieving the reunification of China, and the ROC certainly will persist in such diplomacy.

As to Qian Qichen's comments that Taiwan is not an independent country and thus is not eligible to join GATT, and that only with China's approval can Taiwan join GATT as a region, Huang Hsin-pi, spokesman for the ROC Ministry of Foreign Affairs, said: The ROC's flourishing economy and trade have been widely recognized in the international community. In addition, the ROC meets the GATT requirements and therefore is eligible to join GATT. In accordance with GATT Tariff Rates Article 33, the ROC, as a government with a completely independent tariff domain, has applied for GATT membership under the name of the tariff domain of Taiwan, Penghu, Kinmen, and Matzu.

Communist China, on the other hand, insists on GATT Regulations Article 28. Under this article, the United Kingdom, a member of GATT and the suzerain state of Hong Kong, recommended the admission of Hong Kong into GATT. In the same fashion, Communist China insists that it become a GATT member first and then, as the mother country of the ROC, recommend Taiwan to join GATT.

PRC Official Rejects Government-Government Talks

*OW3003082291 Taipei LIEN HO PAO
in Chinese 26 Mar 91 p 1*

[Text] Wang Chao-kuo [Wang Zhaoguo], director of the "Taiwan Affairs Office" of the Chinese Communist State Council, today solemnly expressed that the Chinese Communists have always hoped that the CPC and the Kuomintang would hold talks on an equal basis and that they will not accept government to government talks on an equal basis.

Wang Chao-kuo made the above remarks when asked by Taiwan reporters if the Chinese Communists would be willing to hold negotiations with Taiwan if Taiwan is

willing to participate in government to government negotiations on an equal basis.

Ministry To Permit Semifinished PRC Products

*OW0104114791 Taipei CNA in English 0753 GMT
1 Apr 91*

[Text] Taipei, April 1 (CNA)—The Ministry of Economic Affairs has tentatively decided to allow across-the-board imports of semi-finished mainland products to meet growing needs arising from closer trade ties between the two sides of the Taiwan Strait, sources said.

Under the new policy, all firms here instead of specially designated ones, will be permitted to import mainland products, the sources said.

Industrial associations will be asked to present their suggested lists of import items to the ministry for approval.

Their lists, however, must [be] based on these principles: National security must not be jeopardized; no bad side-effects will befall Taiwan industry; and the competitive edge of Taiwan products abroad will be enhanced.

Liu Tai-ying, secretary general of the ministry's Industrial Development Council, will hold a press conference Tuesday to announce details of the new policy.

The sources said that the cabinet had already given the green light for imports of semi-finished mainland products though still differing over the way they are to be imported.

According to a draft prepared by the Board of Foreign Trade, only approved Taiwan investors on the mainland will be allowed to import their semi-finished products.

The council, the sources said, had decided to adopt a second draft proposal which imposes no restrictions on importers, as it is conducive to the future development of Taiwan industry.

Asked to comment on the opening to semi-finished products, a ministry official replied that no predestined government stance has been taken on trade ties across the strait. The policy will be modified in accordance with future development of the relations between the two sides, the official said.

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